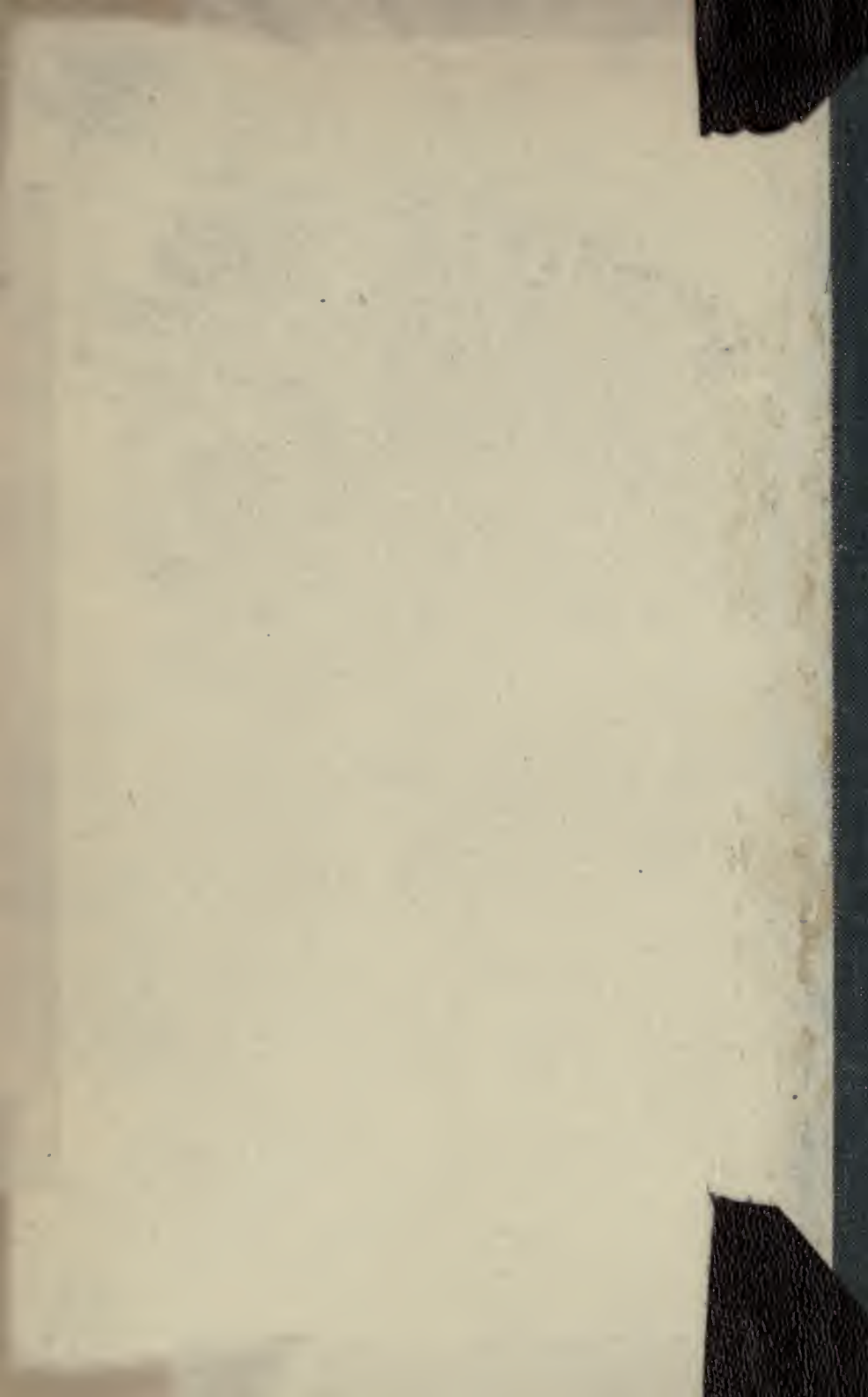
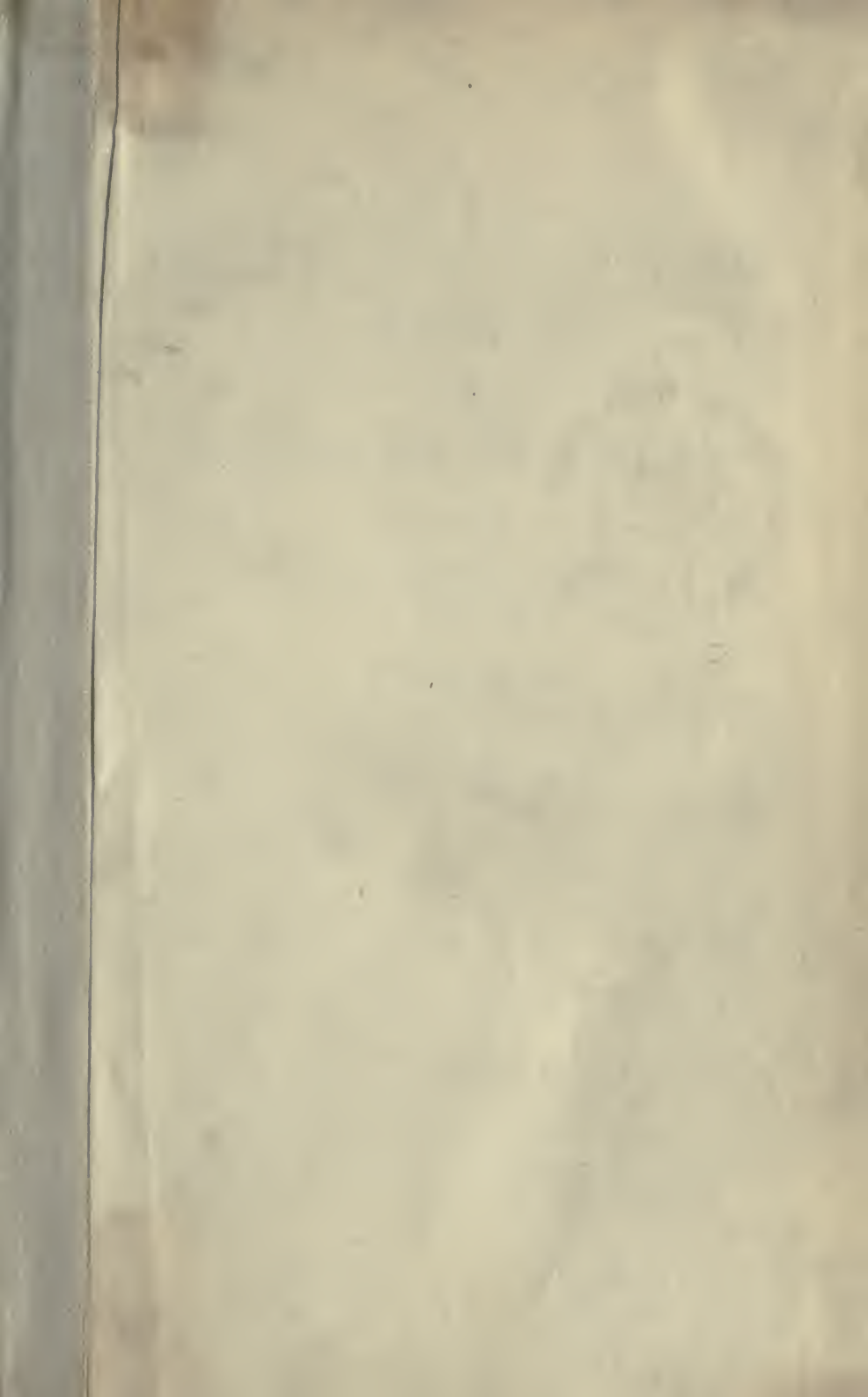








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JAN.,

1894.

ANNALS
OF THE
AMERICAN ACADEMY
OF
POLITICAL AND SOCIAL SCIENCE.

INDIAN CURRENCY.

It was, I think, Mr. Evarts, Secretary of State for the United States of America, who, many years ago, said :

"The British Empire is neither monometallist nor bimetallic, but bi-monometallist. The British Empire cannot be monometallist gold, nor monometallist silver, throughout its length and breadth. Its present position of bi-monometallism is entirely inconsistent with reason and government ; it must be bimetallic sooner or later, for it cannot maintain the permanent position of a house divided against itself which cannot stand."

So long as silver and gold were kept, by the monetary laws of France, the joint money of the world at a fixed ratio, this bi-monometallism of England and India, although productive of some minor inconveniences, was little more than nominal, and did not involve any serious complications ; but when the link between gold and silver was broken by the violation of the monetary law in 1873, very grave difficulties rapidly developed as the result of this illogical position.

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In 1871, when the rupture of the link between gold and silver was merely contemplated, M. Ernest Seyd predicted that it would "only lead to the destruction of the monetary equilibrium hitherto existing and cause a fall in the value of silver from which England's trade and the Indian silver valuation will suffer more than all other interests, grievous as the general decline of prosperity over the whole world will be;" and he added: "The strong doctrinarianism existing in England as regards the gold valuation is so blind, that when the time of depression sets in, there will be this special feature: the economical authorities of the country will refuse to listen to the cause here foreshadowed; every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters The great danger of the time will then be that among all this confusion and strife, England's supremacy in commerce and manufactures may go backwards to an extent which cannot be redressed, when the real cause becomes recognized, and the natural remedy is applied."

The fidelity with which this prediction has been fulfilled is perfectly marvelous. Soon after 1873, when the link was broken, a depression of trade unexampled in magnitude and duration set in, and after twenty years it shows no signs of abatement, but on the contrary threatens to increase in intensity. The report of the Royal Commission appointed to inquire into the depression of trade and industry in 1886, failed to account satisfactorily for the depression. It was, as Seyd foretold, attributed to all sorts of causes and irreconcilable matters. The members of the commission were at variance with each other, and no less than eleven separate reports or notes of dissent were submitted. The majority were quite unable to account for "*the remarkable feature of the present situation, which distinguished it from all other periods of depression, viz., its duration,*" but they desired that the fall of prices so far as it had been caused by an *appreciation in the standard of value* should be a matter of

independent inquiry, and they added, "We do not think it necessary to investigate at length the causes that have brought it about, but we desire to give it a leading place in the enumeration of the influences which have tended to produce the present depression." Still, the people of England clung to their golden idol.*

The gold-using countries generally, and Great Britain in particular, have really suffered more than India from this violation of the monetary law. It is true that India has experienced inconvenience to its government in its financial position ; suffering to its civil servants, from the manner in which it has affected their salaries and pensions ; loss to its merchants, from want of stability in exchange, and hindrance to the development of the country, by the instability of the medium in which the interest on capital must be repaid ; but the country itself, as a whole, has not otherwise suffered from this cause. The rupee, in common with silver all over the world, has not, until very lately altered in value (*i. e.* in its purchasing power), but has remained stable while gold has appreciated ; consequently the producer in India has enjoyed an immunity from those evils which are caused by an appreciating standard and which have weighed so heavily on his gold-using competitors. India, as a rule, has enjoyed a fair

* It is a fallacy to suppose that the commercial superiority of England has been due to its gold standard. England acquired its commercial superiority long before it had a gold standard. Alison, in describing the trade of Great Britain at the beginning of this century, sixteen years before she adopted a gold standard, wrote : "The monopoly of almost all the trade of the world was in its hands." We have that monopoly no longer. Our commercial superiority is due to the energy and determination of the Anglo-Saxon race—to England's insular position, to its good harbors, to its two centuries of internal peace, and accumulating capital. The gold standard has been from first to last a source of inconvenience and danger, but up to 1873 she was saved from the difficulties which have since beset her, by the double standard of France. Some people suppose that England has benefited by her gold standard, in that obligations payable in England secured payment in gold, and consequently induced the foreigner to hold bills payable in London, and thus attracted capital. Even were this the case it might be very well for bankers, but not so satisfactory for bankers' customers who have to satisfy their obligations in an uncertain and appreciating standard. But the inference is incorrect, for during a considerable period of the time in which England had a gold standard, and that period one of its greatest prosperity, it was a positive disadvantage to be paid in gold, silver being at a small premium when compared with gold.

degree of prosperity, whilst her gold using competitors have suffered grievously. It is not so much that India has absolutely benefited by the existing state of affairs; her gain having been to a certain extent neutral, and only positive when contrasted with that of her competitors; but now she has exchanged the currency which has hitherto been stable for one that has proved eminently unstable during the last twenty years.

It has been stated that it is impossible to increase the taxation of the natives of India, but there cannot be the slightest doubt that the adoption of an appreciating standard must tax the native, indirectly, to a far greater extent, and in a far more injurious manner, than any direct taxation.

The Government of India has striven to the utmost of its power to induce the Home Government to adopt the only practical solution of the difficulties that beset her, namely, a return, by international agreement, to the monetary law which has been violated; but, as this has been refused, India has been left on the horns of a dilemma, to choose between two evils which have been aptly designated, the "Policy of Drift" and the "Policy of Despair." She has chosen the latter and it now remains to be seen which is the greater evil of the two.

A study of monetary history by the light of recent experience distinctly proves that the confusion in currency which has existed in past times has been entirely due to neglect of the establishment amongst nations of a common ratio between gold and silver. Failing such a universal ratio, each metal has naturally from time to time sought the best market, and an observation of this tendency, when a coin has been overrated, has led to injudicious monetary changes or debasement of coin—to the creation of that which is termed in Gresham's law "good" or "bad" money—for although bimetallism existed from time immemorial, it was reserved for France in 1789, Calonne being Finance Minister, to establish on a sound basis that simple system of joint

standard which was confirmed in 1803, and which maintained unbroken the parity of gold and silver coins until 1873,* when the link was foolishly broken by the restriction of the mintage of silver in France.

The currency of England was silver monometallic under the reign of Edward the Third, when gold was made a legal tender at a ratio fixed from time to time by the State. In the reign of James I. the quantity of gold in coins was reduced to prevent its export, but this was overdone, and induced the export of silver in its turn. If a common ratio had existed there would have been no inducement to export one metal rather than the other. In the reign of Charles II. the guinea was coined with the intention that it should pass current for 20 shillings, but the amount of gold in it was such that it was thought necessary to declare its value at 22 shillings. It proved, however, to be overrated at that value, and was subsequently rated at 21*s.* 6*d.* In 1717 it was rated at 21*s.* This fixed the ratio in England at 1 to 15.21, and

* Mr. Giffen has stated that between 1803 and 1873 the French bimetallic law completely broke down and failed to maintain the ratio of 1 to 15½; that during a considerable period, notably between 1820 and 1847, France was purely a silver standard country, as proved by the fact that during that period there was constantly a premium on gold. In this argument Mr. Giffen has fallen into a series of astounding blunders.

1. He has quoted the old Paris market prices (instead of the mint prices) of gold and when allowance has been made for this error his argument is destroyed, for in six of the years in which he states that gold was constantly at a premium it has actually been at a discount.

2. Even admitting his figures had been correct, they would not have proved France to have been a silver standard country. Bar gold is frequently at a premium in England. During November last it stood at a premium of nearly four per mille, but this fact does not prove that the gold standard of England had broken down, and that England was then a silver standard country.

3. Mr. Giffen appears to have overlooked the fact that during nearly the whole of the period (in which he states that gold was constantly at a premium in France) silver was also concurrently at a premium, and that during a part of this period the premium on silver was actually higher than that on gold. In fact, a premium on either metal simply shows that both gold and silver were at a slight premium with bank notes, and it indicates either that the coin in circulation was generally below the legal weight, or that bank notes had slightly depreciated. It proves nothing beyond a demand for purposes of export. It is a bullion broker's rather than a banker's question. The French people—apart from brokers or those who required metallic money for traveling abroad or for export—were altogether unaffected by the premium, and cared no more about it than the customer of an English bank cares when he learns from the journals that gold is at a premium in London.

as the ratio on the Continent was then 1 to 14.50, the silver of England, seeking the best market, was exported. In 1730 Spain changed her ratio to 15.87, and this induced a return of silver to England. In 1774 England limited the legal tender of silver coins to £25, unless they were of full mint weight, though she did not adopt the gold monometallic standard until 1816.

The United States of America had, from the foundation of the Union until 1873 a double standard. Originally the ratio was 15 to 1, whilst that of France was $15\frac{1}{2}$ to 1; and the metal in each country naturally sought the market which afforded the most advantageous terms, resulting in the export of gold to France. In order to rectify this tendency, America, in 1834, foolishly adopted a ratio of 1 to 16, although she had been advised by her experts to adopt the French ratio of 1 to $15\frac{1}{2}$, which would have removed all preference for either metal; but although these differences of more than three per cent rendered the preservation of a ratio a difficult matter, it was maintained until the link between gold and silver was foolishly broken by the suspension of free coinage of silver, in 1873.

Similar lessons might have been learned when Holland overrated her gold, and Portugal overrated her silver. England and India, in the causes which led to their adoption of monometallism, furnish a similar object lesson. They have, in both instances, adopted ratios which have induced the exportation of one metal in preference to the other, and they have then perpetuated that mistake by enacting laws which precluded the use of the metal they had driven away.

The Government of India has discovered its mistake and has desired to enter into an agreement for an international ratio, but she has been sacrificed to the blunder into which England has fallen, and which the English are slow to discover. In connection with this policy a brief account of Indian currency and of those conditions which have affected it, may prove interesting.

Gold was not a legal tender in India until 1766, when the Gold Mohur was ordered to pass for 14 sicca rupees, but as the ratio was lower than that which existed in Europe, the arrangement was necessarily found to work unsatisfactorily, and the new Gold Mohur containing 186.8 grains of pure gold, was made a legal tender equivalent to 16 sicca rupees. In 1793 an enactment provided for the coinage of Gold Mohurs containing 187.4 grains of pure gold to pass as legal tender as the equivalent of 16 sicca rupees containing 175.93 grains of pure silver, or 1 of gold to 14.86 of silver, and as this ratio was not in accordance with the European ratio, gold naturally sought the best market. In 1801 the silver rupee was made to contain 164.74 grains of pure silver, and the Gold Mohur of the same weight and standard to pass for 15 rupees, or a ratio of 1 to 15, as contrasted with the French ratio of 1 in $15\frac{1}{2}$, which necessarily led to the disappearance, or at all events to the scarcity of gold coin. In 1806 the Court of Directors, not recognizing the fact that their own action had given rise to a scarcity of gold coin, established the silver rupee as the standard of currency, and the Gold Mohur at 15 to 1 was left to find its own level in the market, without having any fixed relative value set upon it. In 1818 the silver rupee was proclaimed in future to constitute the standard coin in the Madras Presidency, but for convenience of the public gold rupees containing 165 grains of pure gold were exchangeable for 16 silver rupees. In 1835 it was enacted that gold should cease to be a legal tender for payment in any of the territories of the East India Government, but gold was received in the government treasuries.

So long as the intrinsic value of gold in the market was equal to that of the silver represented, there was no difficulty in passing such coin, but, as soon as the price of gold began to fall, the Gold Mohur was no longer of the same value as sixteen silver rupees, and if the government continued to receive them, without the power of paying them out again,

at the same rate, there would be an accumulation of gold which could not be used as money ; it was therefore enacted in 1853 that no gold should be received in the government treasuries. In 1857 the Government of Bombay proposed the introduction of the sovereign as legal-tender in India but the proposal was negatived by the Supreme Government as well as by the Secretary of State. In 1859, the Governor-General sent home a proposal for the adoption of a paper currency in India, by Mr. James Wilson, who although believing in the superiority of a gold standard, urged that—in a country where all obligation would be contracted to be paid in silver—to make a law by which they could be forcibly paid in anything else would simply lead to default the creditor at the advantage of the debtor, and to break faith with the public.

Mr. Wilson pointed out that, in the operation of the double standard, “the one coin which is gradually becoming of less intrinsic value, gradually and day by day displaces the coin which is undergoing appreciation—large supplies of the cheapening coin come from the mint, and corresponding quantities of the appreciating coin are bought up and exported at a profit ; but as long as the two coins circulate together, and to whatever extent they do so, they are in the hands of the public of the same nominal value and continue without any intermission to answer the same purpose for all daily uses,” and he added, “However objectionable therefore a double standard may be and however inconsistent in theory, I hold it to be the least objectionable of all the plans yet proposed for combining the use of the two metals in coins of full intrinsic value in circulation in the same currency.”

About 1862 a demand for a gold currency arose from a crisis which occurred consequent on the cotton famine during the American Civil War, but the late Sir Charles Trevelyan, then Finance Member, pointed out that the crisis which had passed over the country had not been caused by any deficiency of the circulating medium of currency, which was

rather redundant than deficient, but that it was caused by the unwillingness of the people of India to accept the ordinary mercantile equivalent for the large additional value exported. Vast supplies of silver had been poured into India under this exceptional and extrinsic cause, but even if the supplies had been yet more abundant, fresh importations must still have taken place, because no other equivalent would be accepted for the Indian produce which the rest of the world desired to have; and the only true remedy was that *both the precious metals should be equally available as articles of currency*. The gold of Australia was sent to England where it was employed in buying silver; and the silver sent to India was burdened with the charges of the double voyage, and with the additional interest incurred during the prolonged period occupied by it. The gold remained in the Bank of England until the Indian demand set in, and then it was suddenly withdrawn to sweep the Continent for silver, with the result that speculators—trading on the well-known requirements of the bank and aware that India's wants could only be satisfied with the one metal—had “cornered” silver, and the banks in order to protect themselves raised the rate of discount and disorganized trade. He recommended that gold should have legal tender in addition to silver and proposed that English Australian sovereigns and half-sovereigns should be declared legal tender at the rate of one sovereign to ten rupees, and the Indian mint should be open to the receipt of gold bullion on those at a charge sufficient to cover the cost of mintage.

This was negatived by the Secretary of State, who, however, approved of the tentative measure of receiving sovereigns and half-sovereigns at all the Indian treasuries for the sum of ten and five rupees respectively, and paid out at the same rate, unless objected to, currency notes being issued at the same rate to an extent not exceeding one-fourth of the coin or bullion issues in each case. But as the ratio of ten rupees to the sovereign was only 14.6 while the Continental

ratio was 15.5, or a difference of six per cent, such an arrangement was naturally unworkable. In availing themselves of this permission, the Government of India and the Bank of Bengal again urged the desirability of making gold a legal tender, but the Secretary of State decided that the time had not arrived for taking any further step, and that the measure proposed would be unattended with any advantage.

In 1866 a commission in India reported :

1. That the gold coins were not used as money in India and were generally at or above par.
2. That they were sought for as a medium of reserve or for trading purposes.
3. In districts, where gold was below par, it was because it was practically unknown or the people too poor to create a demand.
4. That the demand for gold currency was unanimous throughout India.
5. That gold coins would find more favor than notes.
6. That the introduction of gold would facilitate the establishment of currency notes.
7. That the opinion was almost unanimous that the currency should consist of gold, silver and notes.

In 1873, France perpetrated the terrible blunder of restricting the mintage of silver, thus demonetizing that metal in Europe *for international purposes*.

This was followed by that which was, at the time, considered an "inexplicable and unprecedented depreciation of silver," and was generally attributed to the large production of that metal in the Nevada mines, although the relative value of silver production was at the time only about equal to that of gold, and the disproportional production of the two metals was nothing in comparison with that caused by the deluge of gold from the Californian and Australian discoveries in the period, 1850-60, a deluge which so long as the two metals were linked together by the French monetary law, produced scarcely any appreciable effect.

The Government of India was early in the field in recognizing the true character of the divergence, and in making the discovery that it was not silver that had depreciated, but *gold that had appreciated*. Silver not only in India, but all over the world, had not altered its purchasing power, whilst the purchasing power of gold had increased largely. This view was confirmed by almost simultaneous investigations in the United States, in England, and on the Continent.

In 1876 the Government of India issued a resolution, in which the following conclusions were summed up :

1. That the divergence in the value of gold and silver was not necessarily attributable to diminution in the value of silver, but there were strong reasons for believing that gold had appreciated, and this consideration must have an important bearing upon the action of the government.

2. That although it was most desirable in the interests of trade that the standard of value should be the same as that of the countries with which India interchanged commodities, yet trade will not be permanently injured by the fall of rupees measured in gold, provided that a fresh, stable equilibrium of the metals be obtained.

3. That there was no sufficient ground for interference with the standard of value.

In August, 1878, the Paris Monetary Conference met, and the delegates were unanimous in the opinion that it was necessary to maintain the monetary functions of silver as well as those of gold. The English delegates subsequently reported, " assuming that the general double standard proposed by the United States could not be adopted, what would be the future of silver—toward what aim ought the various States to direct their efforts? This aim we considered to be to keep silver in the position which it occupies at present as a partner or natural ally of gold, in all parts of the world where it might be possible to do so. We consider that the campaign undertaken against silver would be exceedingly dangerous

even for the countries who have given a position as legal-tender only to gold."

Mr. Gibbs and Mr. Goschen, the British delegates, were of opinion that "whilst not in favor of the universal adoption of a single gold standard, they consider that the establishment of a fixed ratio of gold and silver is 'utterly impracticable,' and that they are opposed to a system of currency based on a double standard."

They were at that time sturdy defenders of monometallism, but Mr. Gibbs has since recanted the opinion above expressed and has urged, not only the practicability, but also the absolute necessity for adopting a system of currency based on the double standard. Mr. Goschen has since admitted that bimetallism is a "very serious demand for the change which if adopted, would produce large results;" and on another occasion he remarked: "I am aware that most of the monometallists hold their views so strongly that many of them, like most orthodox religious people, are unable to give an account of their belief."

Toward the end of 1878 the Government of India, finding that the monetary conference held out no hope of relief, suggested the limitation of the mintage of silver in India, with the intention of introducing into India the gold standard, whilst retaining the existing currency, the ratio between the rupee and the sovereign being fixed arbitrarily by government.

In replying, the Lords of the Treasury were of opinion that "it was unadvisable to legislate hastily and under the pressure of the moment, or with an apprehension of uncertain consequences." That "it was not proved that increase or readjustment of taxation must necessarily be the consequence of matters remaining as they were"—that "equilibrium between income and expenditure might be regained by economy of expenditure as well as increased taxation"—that "increase of salaries might be met or at least reduced by a careful revision of establishment"—that "there was

nothing to show the precise injury to Indian trade"—that "they could not admit that the responsibility for doing nothing was as great as that for doing something"—that "it was better to sit still, than to have recourse to crude legislation under the influence of panic"—that "it appeared as if the Government of India were anxious to put an end to the competition of silver against their own bills, and that, although this might relieve the government and the civil servants and those who wish to remit money to England, such relief would be given at the expense of the Indian taxpayer." In 1880 the situation had changed for the worse and the Government of India forwarded a very able memorandum prepared by Mr. Chapman, the Financial Secretary, in which it was shown that the long standing equilibrium between gold and silver, which had been preserved under French monetary law, for the optional interchange of two metals at a fixed ratio had been destroyed by the closure of the French mints to silver in 1873. That, contrary to the general expectation and belief, gold had appreciated and silver had not depreciated, as proved by the purchasing power of the two metals and that it was impossible to foresee the extent to which pressure might be transferred from silver to gold. The loss to India was to be attributed to a rise in the value of gold and the practical advantages to be expected from the adoption of the double standard were the limitation of fluctuations of exchange within narrow limits, and stability of standard—that so long as gold and silver were freely interchangeable in France at a fixed ratio, that ratio governed the relation of the two metals, and therefore the value of each throughout the world. The single gold standard of England and the silver standard of India were alike wholly subject to the influence of the French monetary law. That the French bimetallic law *alone* did confine the fluctuation of the relative values of gold and silver throughout the civilized world. That if gold alone or silver alone should, by common consent, be made the universal standard of value, then, after an

undefined interval of disaster and ruin, a certain new stability of standard established upon the sole gold or sole silver basis, might be attained, but even then such stability, based on one metal only, must inevitably be wholly inferior to that based upon the two metals in correlation, because the compensating influence would be absent, and every fluctuation would operate upon a much smaller volume of material.*

It was believed that if America, France and India were to unite in an international monetary agreement, the desired reform might be effectually and permanently accomplished.

Sir John Strachey, then Financial Member, estimated the loss to the Government of India at £2,500,000 a year, but considered the present loss insignificant in comparison with the future damages to which India was exposed.

The Viceroy expressed the opinion that it would be of unquestionable and quite incalculable financial benefit to India to enter into a monetary convention with France, America and Germany for the common adoption of a bimetallic standard.

In 1881 the Monetary Conference again met at Paris. The British delegate explained that his government would not enter the conference as supporters of the principle of the double standard, and that his instructions had been to furnish all information that might be required, but did not permit him to vote.

* The manner in which demand fixes the relative value is as follows: Under the law of the double standard those who have to make any payment have the choice of metal—in other words they are the persons who give rise to a demand for either metal. Of course they will not be so foolish as to select the dearer metal or that which costs the most. They naturally select the cheaper metal to satisfy their obligations. In other words *the demand sets in for that metal which is below the ratio and falls off for that which is above the ratio*, however small the difference may be. With the demand the cheaper metal rises in price and with a cessation of demand the price of the dearer metal falls—the tendency in each metal being constantly to approach the ratio which has been fixed as legal tender. It is impossible that it should be otherwise and this automatic adjustment is extremely sensitive; for the slightest divergence is carefully watched by bullion brokers all over the world. It is not therefore the law which fixes the *price*; it simply fixes the *ratio of legal tender*, and when this is fixed, the demand keeps the equilibrium at that ratio as surely as water finds its own level.

There was a general consensus of opinion that the rehabilitation of silver was necessary, some of the delegates believing that time only was required for matters to right themselves, while the bimetallist members were of opinion that the situation would pass from bad to worse in default of a return to the double standard which existed before 1873.

The delegates of Great Britain were authorized, if necessary, to agree that, for a period not exceeding ten years, the Government of India would not suspend the free coinage of silver, and that one-fifth of the metallic reserve of the Bank of England should consist of silver, *only, however, on condition of the formation of an international agreement by the other powers on a bimetallic basis* at the old ratio of 1 of gold to 15½ of silver, thus desiring to impose upon the shoulders of the other nations a risk of which the British Government was unwilling to take its fair share.

The Paris Conference adjourned without arriving at any definite conclusion and did not meet again.

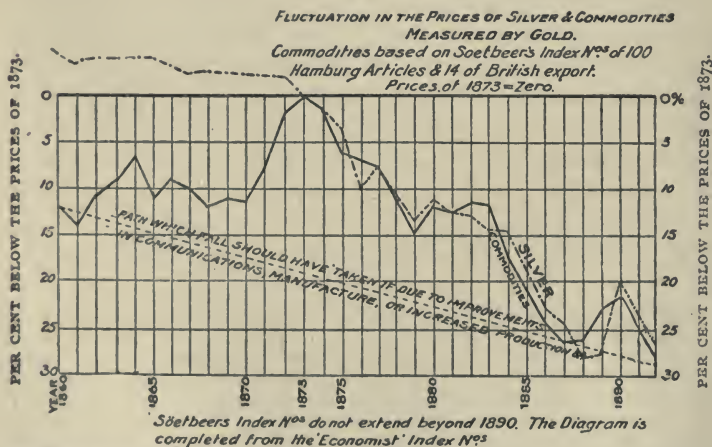
The Indian delegates, Lord Reay and Sir Louis Malet, in reporting on the proceedings, stated that between 1871 and 1881 the "limping" standard had been generally adopted in Europe and the United States; that the population of States using a gold standard had nearly quadrupled; that the foreign trade using a gold standard had nearly trebled; that the disturbance in the relative value of gold and silver was due to an appreciation of gold;* that the rupee in India had apparently retained its former value and that with a

* It is a very common fallacy in England to attribute the fall in gold prices to improved manufacture, production and transport; but it is absurd to suppose that these causes should affect in so marked a manner one standard of value (gold), and yet leave the other (silver, which is the standard of two-thirds of the world) unaffected; for though gold prices have fallen heavily, silver prices have remained very steady throughout the world. Moreover, these alleged causes have been in continuous operation during the greater part of the century, and therefore the fall of prices, if due to such causes, should have been spread gradually over the whole period subjected to such influences; but, on the contrary, both gold and silver prices have risen considerably during the fifteen years preceding 1873, and were steadily rising. It was only after 1873 that gold prices suddenly fell to an extent that has been perfectly appalling. The accompanying diagram (No. 1) shows this

balance of trade always so large in her favor there was every reason to believe that by adopting the gold standard and suspending the coinage of silver she could, in a few years, obtain a supply of gold sufficient for the purposes of currency, but such a policy would aggravate appreciably the scarcity of gold, and on this account was to be deprecated.

In January, 1886, the question had assumed so serious an aspect that the Government of India expressed the opinion that the interests of India "imperatively demanded that determined efforts should be made to settle the silver question by international agreement," urging that "*they did not, and could not, admit that the fluctuation in the relative value of gold and silver was beyond control*, or that it was impossible by international agreement to confine their fluctuations within the limits that prevailed up to 1873"; that "if it were possible to secure a stable ratio between gold and

very clearly, and the wonderful coincidence between the fall of silver and that of commodities (both measured by gold) is too close to have been accidental.



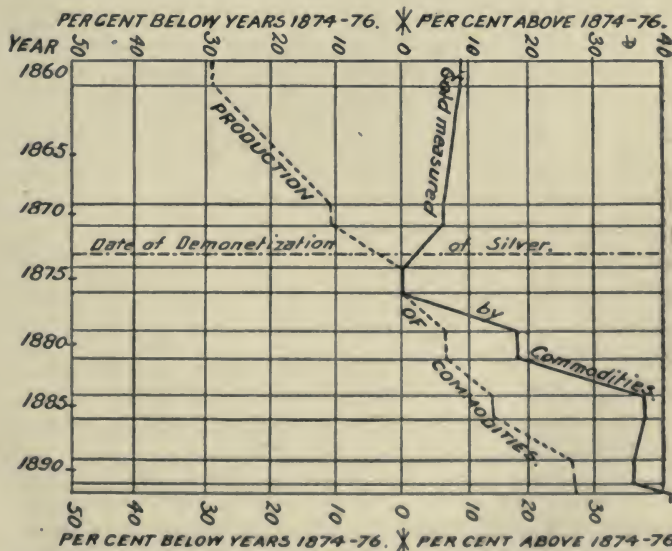
[The diagonal dotted line indicates the direction which prices should have taken if the fall had been due to these alleged causes.]

The other diagram completely disproves the fallacy that over-production has been the cause of the appreciation of gold. It shows that whilst production of

silver, a serious responsibility would rest on the Government of India and the Home Government if they were to neglect any measures to bring about this result"; that the position in which they were placed by the fluctuation of exchange was "intolerable"; that any further progress in substituting gold for silver would be productive of widespread injury, which would increase in magnitude the further the process was carried; that the establishment of a fixed ratio between gold and silver was not beyond the possibility of human control and that there was strong justification for taking the

commodities has increased in a remarkably steady manner between 1860 and 1892, the tendency of gold prior to 1873 was rather to depreciate, yet after 1873 it has appreciated forty per cent.

Relative fluctuations in the production of Commodities and in the value of Gold as measured by Commodity prices. Based on Mr. Sauerbeck's table p. 5 of paper read before the Royal Statistical Society, April, 1893. Index Nos. of 45 wholesale articles. Zero assumed in years 1874-1876.



The periods given in Sauerbeck's table are 1859-61, 1863-71, 1874-76, 1879-81, 1884-86, 1889-91, and 1892. The connecting lines between these periods in the diagram merely indicate the general tendency; and the period 1874-76 being the nearest to 1873 has been taken as zero for the purposes of comparison.

initiative in promoting a conference for considering remedial measures.

The Government of India also pointed out that the immediate cause of the wide departure from the old ratio of exchange between gold and silver was the abandonment of the free coinage of silver by the Latin Union in 1874,* that this had led to a rapid and heavy fall; the average rates observed in successive years of the bills drawn on India being as follows :

Years . . .	1872-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81
Rate—Pence .	22.81*	22.35	22.22	21.64	20.49	20.79	19.76	19.96	19.96

The burden thus occasioned to Indian finance was enhanced by two famines and the Afghan War, and the period was marked by increased taxation, large reductions in public works, and a heavy addition to the gold debt in England.

On the cessation of the war, and the close of the great famine, this increased taxation, followed by a very abundant harvest—had caused a full exchequer which imparted to the finances a fictitious semblance of sound prosperity; and Lord Ripon deceived by this appearance, foolishly launched out into lavish remissions of taxation, at a time when it became necessary to make provision against a future famine and when the movements of Russia involved, not only enormous additions to frontier railways and defences, but a very large increase to the European and native army. These heavy drains on the finances of India accompanied by the fall of the gold value of the rupee, which in 1886 had fallen below eighteen pence, seriously embarrassed the government.

The Government of India expressed the belief that there was no guarantee that the burden of £2,000,000 sterling due to the fall of the gold value of the rupee might not at any time be increased twofold by any action the United

* The first restriction of mintage of silver was really in 1873. The par of exchange at $15\frac{1}{4}$ to 1, under the French monetary law was 20.67 pence, so that in 1872-73 the rupee was slightly above par, which was fully accounted for by the fact that the wants in India could only be satisfied in one metal—silver—and the price was raised by speculators trading on the bank's known requirements.

States might take, and the uncertain position of finance to which this gave rise, in a country like India, was pregnant with danger ; that it was "no exaggeration to pronounce such a state of affairs, from our point of view, *intolerable* ;" that the uncertainty regarding the future of silver discouraged the investment of capital in India, and it was impossible to borrow silver except at an excessive cost ; that the frontier and famine railways, and the coast and frontier defences were imperatively required, and could not be postponed indefinitely ; that the abandonment of the famine and frontier railways already in hand would be a wasteful measure, if not a practical impossibility, and even a temporary check in their progress was greatly to be deprecated ; that large sums required by municipalities for sanitary arrangements were subject to heavy and increasing rates of interest, mainly caused by the prevailing distrust of silver securities and the uncertainty regarding the future ; that the interests of the European officers of government also demanded recognition, as the cost of remittances formed a heavy item in their expenditure, and officers whose pensions were fixed in rupees found their resources seriously crippled on retirement and return to England, whilst the increased income tax that had become necessary fell with severe incidence on those who had already suffered largely by the fall of exchange ; that the question of future relations of gold had been allowed to drift for fully twelve years ; that recent events had brought into greater prominence the evils with which the world is threatened by the state of the currency, and the Government of India was of opinion that it was a favorable time for reopening the whole question.

The evils connected with the present state of affairs were so serious that the adoption, sooner or later, by international agreement, of measures which should bring about a stable ratio between gold and silver appeared to be only a question of time, and the sooner it was taken in hand the easier would be the task and the more satisfactory the result.

The Lords of the Treasury replied to this in a very extraordinary dispatch.* They objected that the Government of India offered no definite indication of the nature of the international agreement which should supply the solution of the question. They quoted the utterances of Mr. Goschen and Mr. Gibbs at the International Monetary Conference of 1878 to prove that a fixed ratio between gold and silver was impracticable, although it was notorious that since that time Mr. Gibbs had not only publicly recanted that opinion, but was a strong supporter of the opposite view, and that Mr. Goschen had entirely modified his views on the subject.

The Lords of the Treasury further added that whilst it was admitted that some benefits might be derived by the European officers of government from the remedy proposed, it would exercise an injurious effect on the Indian taxpayer; that monetary changes of so grave a character ought not to be discussed unless there was a reasonable ground for anticipating a practical result; that nothing had been said about the reduction of expenditure, although it might safely be concluded that the control of its expenditure was far more within reach of the government than the regulation of the market value of the precious metals; that her Majesty's government would take no measures for summoning or co-operating in a new monetary conference until they had previously determined what policy they would initiate or could consent to, and that there was nothing in the correspondence which should induce them to depart from the instructions given to their delegate in 1881.

In September, 1886, at the request of the Royal Commission appointed to inquire into the depression of trade, a Royal Commission was appointed to inquire into the recent changes in the relative value of the precious metals. The commission was composed of twelve members impartially selected

* The whole of this correspondence was published in the *Indian Pioneer* of July 5, 1886.

and consisting of a fair proportion of monometallists, bi-metallists, and those who had no particular bias. After patient investigation extending over a year and a half, six members of the commission agreed to recommend the adoption of bimetallism by England in conjunction with the other leading nations, while the remaining six members, though declining to concur in this recommendation, were nevertheless irresistibly led by their investigations to admit in full every principle for which the bimetallists contend. They admitted :

1. That there had been a considerable increase in the use of gold for currency.
2. That the evils of fluctuation are undoubted.
3. That the want of a fixed ratio constitutes a very serious evil.
4. That the bimetallic system of France exerted a considerable influence on the relative value of the two metals.
5. That notwithstanding changes in the production and use of metals, the bimetallic system of France kept the market price of silver approximately steady at the ratio of 1 to $15\frac{1}{2}$.
6. That it is reasonable to suppose that the bimetallic system of France should be capable of so maintaining that ratio.
7. That the Latin Union in 1873 broke the link between gold and silver, and when this link was broken the silver market was open to all the factors that affect the price of commodities.
8. That, as far as they could forecast, if international bi-metallism were accepted by the United Kingdom, Germany, the United States, and France, a stable ratio might be maintained.*

* Two of the members expressed a doubt on this point. One of these (Sir John Lubbock) has since endeavored to weaken the force of this admission by arguing that "the report had not stated that a stable ratio *would* be maintained but that it *might* be maintained, two very different things"—but the context does not support this contention, for the paragraph continues thus: "We think that if in all these countries gold and silver could be freely coined and thus become exchangeable

9. That there is no danger of a disappearance of gold under a bimetallic system.

10. That it might be difficult to suggest any motive to induce a contracting power to secede from international bimetallism.

11. That they were alive to the advantage of the adoption of a uniform bimetallic standard, as a step toward the adoption of a common international monetary standard.

12. That no measure has been suggested that claims to be anything like so complete and thorough a remedy as the adoption of the system known as "bimetallism."

Notwithstanding these important admissions in favor of bimetallism, these six gentlemen were not prepared to join their colleagues in recommending that England should negotiate with other nations a treaty embodying a bimetallic arrangement.† Their principal reason for refusing to adopt the admitted remedy for the evils which they acknowledged to be consequent on the demonetization of silver in Europe, is a vague, unreasoning and undefined dread of some imaginary evil, a fear that the change proposed is a "leap in the dark," that the public mind is not prepared for it, that the "novelty of the proposal would excite apprehension," that the matter needs "much more discussion and consideration in the financial world and by practical men than it has yet received." But to return to a system which has been proved by the experience of three-quarters of a century to have been eminently successful, can scarcely be classed under the category of a "leap in the dark;" moreover, further discussion can scarcely have been needed after nearly two years patient investigation which has thrown a flood of light on the subject, and has practically converted the monometallists of the commission into timid bimetallists.

against commodities at the fixed ratio, the market value of silver, as measured by gold, *would* conform to that ratio and not vary to any material extent."

† One of these six members—Mr. Leonard Courtney, M. P., has subsequently declared in public that he now favors the adoption of an international agreement, on a bimetallic basis.

Important as were the admissions of the members of the Royal Commission, the government has taken no action whatever in regard to their report. In 1890 the prospect of legislation paving the way to free coinage of silver in the United States, caused an appreciation of silver to an extent of twenty-five per cent, but as soon as all hope from such legislation was disappointed, the price of silver again fell back to its former level. Sir David Barbour, the Finance Member for India, has stated that this appreciation of silver was attended in India by a trade depression which, doubtless, if the appreciation had continued, would have extended throughout the country and influenced prices and wages; but an appreciation of the standard is not immediately followed by a fall of retail prices, still less by a fall of wages which follows more slowly. The accumulation of silver in the treasury was unprecedented; and the rate of discount lower than had ever been known; and as Sir David Barbour has remarked, "the appreciation of the standard is not necessarily attended by a positive and manifest scarcity of the metal, leading to a want of current coin to carry on the ordinary transactions of daily life. It does not affect retail transactions sooner than wholesale transactions; it does not lead to a scarcity of metal in the bank, and is not accompanied by a high rate of discount. On all these points the conclusions to be drawn from recent events, are in full accordance with the principles of what I will call orthodox political economy, and are fatal to the contentions of those who lately argued that there could have been no appreciation of gold, in reliance upon certain phenomena which, if they had been able to interpret them correctly, would have proved the exact contrary of that for which they were contending." In 1892, the Government of India stated that they had always been desirous of aiding the settlement of the silver question by an international agreement, and they implored the Home Government to withdraw from its attitude of hostility to international bi-metallism, and so remove the only obstacle that stood in the

way of its accomplishment. With reference to the proposed Monetary Conference at Brussels, they wrote: "We fear that refusal on the part of Great Britain to adopt the system of double legal-tender may be fatal to an international agreement for the free coinage of both gold and silver. . . . We deeply regret this state of affairs, both because we believe that no other country is so deeply interested in, or would benefit so greatly by, a uniform standard of value throughout the civilized world, as Great Britain, with her vast system of trade and the great extent of her finance; and because the final rejection of an international agreement for the free coinage, both of gold and silver, will leave this country face to face with a problem of the greatest difficulty. . . . It would, we submit, be wholly unreasonable if Her Majesty's government were to prevent the Government of India from making an attempt to introduce a gold standard into this country, on the ground of the actual or possible appreciation of gold, and were at the same time to refuse to support the proposal for a general system of double legal-tender on the ground that there had been no appreciation of gold in the past, and that there was no likelihood of any such appreciation in the future. If Her Majesty's government is not prepared to accept the proposal which we have advocated for more than ten years as the best remedy for our difficulties, we consider that they ought not now to refuse to let us adopt the only other remedy open to us, namely, the adoption of the same monetary standard as that in the country with which we have our most intimate financial and commercial relations; that standard being, as we understand, considered by Her Majesty's government to have worked so satisfactorily in England that they are not prepared to encourage any hope of a departure from it being approved by them."

In November, 1892, at the invitation of the Government of the United States, a monetary conference was held at Brussels to consider what measures, if any, could be taken to increase the use of silver in currency. At an early stage of

the proceedings, M. Alfred Rothschild, the leading delegate for Great Britain, observed: "Gentlemen, I need hardly remind you that the stock of silver in the world is estimated at some thousands of millions, and if this conference were to break up without arranging any definite result, there would be a depreciation in the value of that commodity which it would be frightful to contemplate, *and out of which a monetary panic would ensue, the far-spreading effects of which it would be impossible to foretell.*" This opinion quite coincides with the warning given by Mr. Goschen at Leeds, when he said on the occasion of the Baring failure: "You risked the supremacy of English credit, the transfer of the business of this country to other European countries. I cannot exaggerate the immediate danger to which this country was exposed You have escaped from a catastrophe which would have affected every town, every industry,—to use a common phrase, you have escaped by the skin of your teeth." It also coincides with the opinion which that gentleman expressed at the Paris Conference of 1878, that the campaign against silver would be very disastrous even for the countries whose legal currency consists of gold only, and that the attempt which would be made from all sides to get rid of silver "might produce a crisis more disastrous than any of those which the commercial world remembers."

At the Brussels Conference there appeared to be a very general opinion among the majority of the delegates, that all propositions for the purpose of artificially raising the price of silver by an extended use of that metal, were mere palliatives and of little real use; that the only possible remedy that could relieve the situation was a return to the monetary law that existed before 1873, and that Great Britain from its antagonistic attitude was the principal, if not the only, obstacle to the application of this remedy. All the palliatives that were brought forward were of the character that has been designated "*thinly disguised bimetallism*" or propositions intended to pave the way to a return to the double

standard. With regard to the position of India, I may perhaps be allowed to quote the following extract from one of the speeches I made as a delegate representing the Government of India at that conference :

“The position of India is undoubtedly different from that of any other nation ; she is to a great extent independent of foreign nations, inasmuch as she is not under the necessity of adjusting international trade balances by the actual transmission of specie, because she performs that operation by the transmission of merchandise. The accumulation of silver in the Indian banks has of late years been unprecedentedly large, so that no immediate inconvenience would arise to herself from closing her mints to silver. It is only as late as 1835 that gold ceased to be a legal tender in India, and although at that time the amount of gold in circulation was very much less than that of silver, still the remains of that currency must amount to a very large volume. Her net imports of gold since 1835 have amounted to about £150,000,000 sterling. India, therefore, would have no greater difficulty than Austria, even if as great, in establishing a gold currency in some form, whether it be the “*etalon boiteux*” or one with the existing silver coin circulating as tokens as at present in England. It is unnecessary for me to enter into the details of the numerous and constantly recurring evils to which India is subjected in consequence of the relative instability of the currency, but I may say that these evils are not merely financial, but political, seriously menacing her most vital interests. India has already too long postponed action necessary to protect her interests, hoping that some reasonable solution of the question might be arrived at, and a large and influential portion of our Indian community is now strongly urging the Government of India to take measures for adopting the gold standard. So long as there is any hope of arriving at a reasonable solution of this difficulty, I am convinced that my government would shrink from the necessity of changing its standard ; but of late the

hope of such a solution has appeared more and more remote. Should this conference break up without arriving at any definite result, then India must take immediate measures for her protection. Whether those steps will end in the stoppage of the silver coinage and the adoption of gold coinage in some form or other, I am unable to say.

“ I cannot disguise from myself that *such a step is fraught with immense difficulties*, the result of which it is impossible to foresee. The general feeling of India is that it would be disastrous to the gold-using countries of Europe rather than to India, but India must consult her own interests. The magnitude of the question may be conceived when it is known that the population of India exceeds 280,000,000 souls. It must be understood that in these remarks I have merely expressed my own personal opinion, and that I cannot in any way commit my government to my views. I must express my opinion that the *only satisfactory solution of the difficulty is to be found in an international agreement on a bimetallic basis*, in which my government would join the Latin Union and the United States. Such a combination would be amply strong to preserve any ratio that might be fixed, but as such a combination appears to be impracticable in the present temper of the delegates, I am prepared to support any proposal tending to that end as a step in the right direction. If any proposal should hold out a reasonable hope of maintaining relative stability, it is probable that my government will consent to take no steps toward closing the mints to silver, but the Government of India must reserve to itself complete freedom of action in regulating its system of currency.”

The Brussels Conference adjourned on the seventeenth of December, 1892, until the thirtieth of May, 1893, in order to allow the delegates to confer with their respective governments, but subsequently the Government of the United States proposed a further adjournment.

Meanwhile the Government of India, fearing the crisis that might be expected in the event of a failure of the

Brussels Conference to arrive at a satisfactory result, urged that they should be in a position to close their mints and make arrangements for the establishment of a gold standard in India.

The total active rupee circulation was estimated at 1,150,000,000 of rupees, so that in order to establish a legal tender money composed entirely of gold, it would be necessary to withdraw the silver coin and replace it by about £75,000,000, an impossible operation, apart from other considerations. It would be necessary, therefore, to adopt a circulation of over-valued silver tokens, made legal tender to any amount, but in order that the gold standard may be effective the number of these tokens must be limited. Little gold in that case would be in active circulation; those gold coins which might be in circulation would quickly find their way into the hands of bankers, bullion brokers and government treasuries. The measures necessary for this step would be:

1. The closure of mints to free coinage of silver, the government retaining the right of purchasing and admitting it.

2. The mints to be opened to the free coinage of gold. If gold were not brought to the mint in sufficient quantity, or the value of the rupee should fall below the fixed ratio, it would be necessary to reduce the rupee currency until its value could be restored. Indian rupees would certainly be returned to India from abroad when their value in India became greater than their value as bullion. No serious difficulty from an over-supply of gold need be feared.

Sir David Barbour in his memorandum observed, "I have no hesitation in saying that an *international agreement for the free coinage of both silver and gold, and for the making them full legal tender at a fixed ratio* would be far better for India, and for all other countries, than the establishment of the single gold standard even if the latter course be possible. The general adoption of a system of double legal tender would be a perfectly safe measure and would be a final settlement of the question. The attempt to establish a general

gold standard is not free from risk. History affords instances of the establishment of a gold standard in one or more countries but sooner or later the standard was changed.

* * * * *

“With regard to the question of the expediency of attempting to introduce a gold standard in India I do not go further than saying, that if a general agreement for the free coinage of both gold and silver cannot be obtained, and if the United States does not adopt the free coinage of silver, I think an attempt should be made to establish a gold standard in this country.”

Meanwhile, the committee appointed to inquire into Indian currency under the Presidency of Lord Herschell, had been pursuing their investigations and on the thirty-first of May, 1893, delivered their report, to the effect that “while conscious of the gravity of the suggestion, we cannot, in view of the serious evils with which the Government of India may at any time be confronted, if matters be left as they are, advise your lordship to overrule the proposal for closing the mints and the adoption of a gold standard, which that government with their responsibility and deep interest in the success of the measures suggested have submitted to you.

* * * * *

“The closing of the mints against the free coinage of silver should be accompanied by the announcement that though closed to the public, they will be used by the government for the coinage of rupees in exchange for gold at a ratio to be fixed, say 1s. 4d. per rupee and that at the government treasuries gold will be received in satisfaction of public dues at the same ratio.”

Mr. Leonard Courtney, a member of the committee, in a note of dissent said : “For reasons, upon which I do not now enter, I have come to the conclusion that the divergence between gold and silver has been, to a large extent due to an appreciation of gold ; and this opinion necessarily affects my judgment of the policy of the Indian Government, which is

to adopt a gold standard instead of one of silver. This is to accept as unalterable, if not to intensify, the aggravated burden thrown on India. It may be that no other course is possible, but the Home Government should ask itself whether it is through its own action that no other course is possible, and whether the Indian Government might not propose a very different course if there was any chance of its being favorably considered by the Supreme Government. I am myself drawn to the conclusion that *the Home Government is the greatest, perhaps the only substantial, obstacle to the establishment of international agreement for the use of silver as money*, which, without attempting to restore the position of twenty years since, would relieve India from the anxiety of a further depreciation of its revenue in relation to its liabilities."

It was not with a light heart that India adopted this policy. On the twenty-fifth of June, 1893, a bill was passed in India in accordance with the recommendations of the committee, and the Viceroy in introducing the bill said: "We have borne long enough with a state of things which is becoming more intolerable with every year that passes, and which in all human probability would have become more intolerable every year. We feel that, holding these views, we should be culpable if we did not attempt to place the finances of India on a more stable basis. We admit the immense difficulty of the problem, and the uncertainties by which it is surrounded, and we offer this solution not as one which is ideally perfect, but as the best which can be devised.

* * * * *

"We are, however, too well aware of the intricacy of the problem, and the risks attending such an experiment as that we are about to try, to take this momentous step with a light heart."

The Government of India can scarcely be blamed even if their selection has been wrong. It has been narrowed down

to a choice of two evils of great magnitude—the *policy of uncertain drift* or the *policy of despair*.

The bolt has fallen, and he would be a rash man who would attempt to predict the results of this measure. The natives of India in all their notions and actions are altogether unlike Europeans; their thoughts are not our thoughts, neither are their ways our ways; yet the “buniahs” (the money lending and banking population) have a very keen apprehension of any monetary changes, and will not be slow to turn them to their own advantage and to the disadvantage of the masses in India.

The currency of India is now in a condition which is a complete violation of all sound principles of currency. It consists of a huge inconvertible token coinage; practically a gold standard without a gold currency or even a gold reserve. The rupee circulates at a value much above its intrinsic value as bullion. It is no longer international money. Hitherto it could be exported without loss, but now it cannot be used out of the country without a loss of about twelve per cent, a loss which will increase in all probability to an indefinite extent. Nor is there in India—as in France, Austria or the United States—any large reserve of the standard metal to meet a possible emergency.

It is possible that there may not be any greater difficulty in maintaining the token value of the rupee than in maintaining the value of currency notes, so long as the balance of trade with India is unchanged and the credit of the government remains good, but serious complications must be expected should India experience any great crisis or catastrophe, whether political or commercial; and in any case the token value can only be maintained by the sacrifice of a very serious contraction of the currency.

It appears probable that a large amount of gold will not be required for retail money circulation under the new system, for the silver tokens will probably circulate very much as before. There is a large amount of gold now

hoarded in India, but Sir David Barbour is of opinion that this will not be brought to the mints in large quantities under the existing conditions. I would even go further, in the belief that, on the contrary, there will be a large demand for imported gold to replace the silver hoards which have no longer any fixed value as measured by the new standard of currency, and are consequently not available as a safe medium for hoarding; so that, although it is improbable that the change in the Indian currency will *directly* increase the already too heavy demands for gold, it will do so *indirectly* through the medium of the hoards.

It remains to be seen how the action of the Government of India will influence the United States in taking measures which may intensify that scramble for gold, which has already told so disastrously on the industrial interests of England.

The change in the value of the rupee inflicts a cruel injury on an enormous class in India, namely, on those who have hoarded silver ornaments (a practice almost universal). Hitherto the mints have always afforded a fixed market in which nearly the full value of these ornaments could be at once realized without any shadow of doubt; and in times of scarcity or depression, enormous quantities of silver ornaments have been brought to the mints or deposited with the *buniah*s by those who had to pay their taxes, or satisfy other obligations in rupees; but now this market for such hoards no longer exists; the owners of such ornaments will not only find that the value of their hoards when measured in rupees is already about twelve per cent less than before, but that there is now no certainty about their value, which is fluctuating and likely to fall still lower, thus giving rise to an element of uncertainty, of which the *buniah*s will naturally take advantage, to the prejudice of the unfortunate holders of the hoards.

It has been argued that the amount of uncoined silver in India could not be great, because since 1870 the net amount of silver imported into India has been nearly equal to the

amount coined. This, however, is a false assumption. The mint was practically the fixed market for all imported silver; and nearly all ornaments used for hoarding were *made directly from coined rupees* which until now could be converted into ornament without loss of value. The native jewelers did not as a rule keep a stock of silver, but it was almost the universal practice with those natives who required silver for hoarding to give the jeweler a number of rupees, plus a small fraction for workmanship, and to receive back, in the shape of ornament, the same silver, minus the fraction. In many cases, especially in heavy bangles, which are the most common form of ornament, the cost of workmanship was insignificant, so that nearly the full value in rupees could be obtained for the silver when taken back to the mint in times of famine or scarcity. It has, moreover, been suggested that the additional value given to the coined hoards will balance the loss to the uncoined hoards, but this will not lessen the injustice to those who may happen to possess hoards of uncoined metal. Moreover, a fallacy underlies this argument, for the value of the rupee is not increased in those cases in which taxes have to be paid or obligations contracted in rupees have to be satisfied. In such cases, therefore, the owner of coined silver does not gain, whilst the owner of uncoined silver loses heavily.

Possibly there may not be any very large, or at all events, a permanent, depreciation of silver throughout the world, or in other words, a rise in silver prices; the United States can without difficulty absorb a very large amount of silver as token currency; the active rupee circulation in India, estimated at 130,000,000 rupees will still be required for token circulation though useless as international money, and any surplus hoards of uncoined silver will to a great extent be absorbed by the silver using countries. If the United States should take any precipitate action with regard to their silver policy, this might be attended by a sudden deluge in the silver market, but it is doubtful whether such a change would be permanent. That

which is most to be feared, as the *indirect*, rather than the *direct* effect of India's monetary policy, is a heavy appreciation of gold. As I have already said, the general feeling is that this policy will be disastrous to the gold using countries of Europe rather than to India. The trade, manufactures and commerce of Great Britain are so largely carried on by credit, that any appreciation of the standard must naturally inflict far greater injury on her than on any other nation. India also must suffer, but in a less degree; for in linking her currency to the gold standard she takes upon her shoulders to a certain extent, those evils from which the trade and manufactures of Great Britain in common with those of other gold countries have already suffered, although at the same time, the government may be relieved from many of the grave evils which have hitherto oppressed her.

Nearly one-fourth of the land revenue is permanently settled, and of the remainder the greater part is fixed on assessments for thirty years, most of which are of recent date. There can therefore be no alteration in the *number* of rupees to be paid, however great the appreciation of the rupee may happen to be. In whatever proportion, therefore, the rupee may in future appreciate, in that proportion will the Indian agriculturist have to pay *indirectly* additional taxation; *not, indeed, in an additional number of actual rupees, but in so much additional produce as may be necessary to earn the same number of rupees as before.* The new policy has already necessitated an increase of produce amounting to about twelve per cent, for to this extent the rupee has appreciated; and it is impossible to predict the amount to which it may yet rise in future; but it is evident that, as the scramble for gold among the nations increases, so must the rupee now appreciate.

There is another serious difficulty looming in the future. Sir David Barbour has stated that should it be found otherwise impracticable to retain the rupee on a par with gold at 1s. 4d. a contraction of the rupee currency will be necessary, which, "if carried far enough, must ultimately restore the

value of the coin." Now anyone who has studied the subject of currency must be aware that periods of contraction of currency always have been, and always must be, periods of depression of trade, distress, bankruptcy, and ruin. Moreover, India, having taken on her shoulders the evils which formerly handicapped her gold-using competitors, will be no longer on equal terms with her silver-using competitors; and her trade with silver-using countries will now be exposed to all the difficulties and drawbacks of a fluctuating exchange.

It is difficult to estimate with precision the alleged dangers likely to occur from the circulation of a serious amount of spurious, but full weight, coinage which might prove to be a very profitable trade. The report of the Indian Currency Committee assumes that to carry out operations on an extended scale expensive and specially constructed machinery will be requisite. It was therefore doubted whether the danger of India being flooded with "a large amount of spurious coin would really be a grave one." On the other hand, the natives are extremely skillful in the manufacture of counterfeit coin, and even a small margin of profit in spurious coinage would be large in their eyes. Sir Charles Trevelyan, in 1864, stated that real gold mohurs, nearly of standard value, were habitually made by forgers chiefly to secure the premium at which they sold. One of these establishments at Jagadree in the Punjaub was on the scale of a mint, and the gold coin had an extensive sale in the protected and hill States.

It should be also remembered that there are no fewer than sixty mints belonging to native States within and adjoining our territory which are either now at work, or would be set in active operation, if sufficient inducement were offered. Moreover, it does not appear that the import of full weight coin (manufactured in foreign countries) could be prevented unless it could be proved that such coins were spurious, a matter very difficult of proof.

There has been an extraordinary inconsistency in the sanction of such a currency. Those who, when the double

standard was under consideration, had previously contended that the proposal to impart an artificial value to money was an economic impossibility, opposed to the laws of supply and demand, have now sanctioned a proposal for artificially raising the value of silver coin in the worst and most mischievous form; and they have quoted, as precedents, the results of the "limping" system in different countries to prove that the currency of over-valued silver and inconvertible paper has been able,—by means of legislative action and the restriction of the coinage,—to maintain a fairly steady parity of exchange with gold-using countries.* They appear to have been blind to the fact that, whilst this is an artificial raising of the value of money by legislation, at the cost of appreciating the standard, and contracting the supply of currency (two conditions fatal to the prosperity of any country); the adoption of the double standard which they have condemned is not in reality an artificial raising of price, but simply a maintenance of equilibrium by means of the natural demand set up for each metal (as money), working through the ordinary laws of supply and demand†; a currency based on the market price of bullion, and one that admits free play to a healthy expansion.

The double standard is in perfect accord with sound economic laws; but the artificial raising of the value of the rupee is opposed to them, and, being a violation of all monetary laws, must, sooner or later, end in disaster. It is that forced elevation of the value of money which Bentham, in his "Principles of the Civil Code," denounced as a "fraudulent bankruptcy" and a "foolish fraud."

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* How far this parity can be maintained in times of financial crises or political difficulties is quite another question.

† See foot note to page 14 on the manner in which *demand* fixes the relative value under the double standard.

THE ADAPTION OF SOCIETY TO ITS ENVIRONMENT.*

Economics has often been considered by many of those who have studied and expounded its laws as primarily the science of exchange, or of value, or of distribution. This conception has been a serious stumbling-block to any great or permanent advance in economic knowledge. The science is primarily one of man and not of exchange; and not of a man as static—changeless; but—as he is—changing, progressive. It is the study of man obtaining from nature the “goods” or commodities which appeal to his desires. Thus our science deals not with man alone, or with nature alone; but with man, with his capacities for pleasure and pain, surrounded by that aggregate of phenomena obeying definite laws which we know as the physical world. Economics is but a department of the study of life, and all “life study” involves an investigation of the effect of the environment on the life. Economics is, therefore, a higher biology; it is the investigation of the causes of human progress; it is the *science of prosperity*. Darwin studied life in conditions which tend to develop, modify and change physical organs. The economist studies life in conditions which do not tend to develop toes and arms, but which do tend to develop, modify and change capacities for pain and pleasure. Yet Darwin’s attitude toward his science, as one who sought the reason of change and development, should be the pattern for the economist, who should turn to man and seek in his nature and in the nature of his environment the laws of human progress.

* This paper is an attempt to develop the theory of national prosperity and to bring it into closer relations with the other parts of economic theory. It is thus a discussion and elaboration of a subject in which a fresh interest has been created by the recent writings of Professor Patten, especially by his “Theory of Dynamic Economics,” and his paper on the “Economic Causes of Moral Progress” in the *ANNALS*, Sept. 1892.

Human progress : Human development : These words have an attractive ring. But what is progress? What the test of forward development? Scientific discussion requires that we should reduce our general ideas to definite conceptions. All of us use the word "progress" when applied to human affairs to express one of two sides of the same truth. We say society is progressive when the capacities of its individual members for happiness increase, or we say a society is progressive when by inventions or improved methods of production, the people have more to enjoy. In other words, we apply the term "progress" to a development of character, whereby ultimately the true happiness of society will be increased; or we apply the term "progress" to a direct increase of man's power over nature, whereby he has more "things" to enjoy. In short, whether directly or indirectly, *the test of human progress is the increase of human happiness.*

It is not our purpose here to enter into a complete or even a partial analysis of the sources of human happiness. But it is important to our purpose to point out that our pleasures have always a dual source, or rather that two elements combine to form all our pleasure, namely, the subjective and objective. By the subjective element we mean man's nature. What we may call his capacity to obtain pleasure from the objects round him. By the objective element we mean that which man recognizes as apart from himself, and which is capable of giving him pleasure. A large source of the objective element is what the economist knows as goods. An economic good, or commodity, in commercial language, is any material substance capable of giving pleasure to man. Since different men like different things, goods to one man may not be goods to another. The capacity of a good to give us pleasure, or our capacity to obtain pleasure from a good, which is the same thing from another point of view, is called its utility.

While everything material which has the capacity to give us pleasure is a "good," everything which is a good has

not the power to give pleasure. There are many things, "goods," which we greatly prize, not because of their power to give us pleasure, but for the fact that they ward off pain. The clothes which keep us warm, unless they be correct in fashion or tasteful, do not give us any pleasure ; and food is often eaten merely to ward off hunger. Goods which have the power to satisfy the conditions of continued existence, or an existence free from pain, are said to have "absolute" utility, as distinguished from the power to give actual pleasure, which, in contra distinction, we may call "positive" utility.

Many goods combine both positive and absolute utility. The things we eat often both sustain life and afford us pleasure besides. Again, many goods, as paintings, music, or sculptures have no absolute, but often great positive utility. On the other hand, goods, like medicine, not only lack positive utility but are often disagreeable to use. We take them only because they, by improving our health, render us capable of enjoying other goods which have positive utilities. If all that life could offer us was absolute utilities, the stilling of the pains of hunger, of cold, or of thirst, except as a hard apprenticeship for a hereafter, life would not be worth living. Some absolute utilities, such as medicine, we see, add a pain to our existence in our very consumption of them. If they simply preserved a life which had no pleasures, and in which the highest end of labor was the annihilation of pain, we would not take them. For, while medicine might still the pain of disease, the pain involved in taking the medicine itself could never be removed. It is true there might be less pain in the medicine than in disease ; but then, if we can "skip the life to come," there is always the "open door of death" to escape a condition which has no choices, but the choice of least pain. We take disagreeable medicine, and use many other absolute utilities, such as ill-fitting clothes, or shoes which hurt our feet, because the sum of the positive pleasures in our lives is greater than all the

pains, even when we include in the sum of those pains the pain involved in consuming the absolute utilities. Man consumes absolute utilities, sometimes spending all or nearly all of his time in their production, because they decrease the pains of a life which, with its pains thus decreased, shows a *surplus on the side of pleasure*.

Speaking of a surplus of pleasure in life over the pains brings us to an important fact concerning man's prosperity in the light of which we must interpret our statement that the prosperity of a people depends on their happiness. Nature gives much pleasure to man spontaneously. Such pleasure comes from what we may call the free goods of nature, such as the wild flowers of spring and the colors of our American autumn, or the waters of some summer brook. But the majority of goods in all but the first stages of civilization are created as a result of the labor of man, and labor, not always, but usually, involves either pain or sacrifice. It is the surplus of pleasure which is desirable and determines the prosperity of a nation, and not pleasure alone, disregarding the pain involved in creating the goods which give it, or the pain of the consequences which may follow enjoyment. That man is not necessarily the happiest who has enjoyed the most, for the pains of his life may almost equal his great pleasures. It is the surplus of his pleasures over his pains by which we should measure his condition and judge his happiness. It is only when a people have increased this surplus that we can say their prosperity is increased.

If we look at the reverse side of this truth, it will be seen that we cannot tell whether the increase of the pains of life are necessarily bad until we know whether the causes from which the pains spring, such as increased labor, have not at the same time increased to a still greater degree the possibilities of obtaining pleasure. The savage, basking in the sun of a tropical climate, has not, perhaps, in his life nearly as much pain as the average man of civilized society, and yet who would question that the average happiness of the latter is not greater?

Again, we must remember that it is not the particular surplus from the gratification of any one desire which is of prime importance. It is immaterial whether my surplus comes principally from clothes or from food. It is the total surplus which is important.

There are three ways in which a society can increase its surplus, by which we always mean the difference between the sum of its pleasures and the sum of its pains :

First, by increasing the intelligence and skill of its members, or their physical powers, so that they can more easily, that is, with less pain, produce the goods containing for them the absolute and positive utilities which they desire. *Secondly*, they can improve their methods of production, and by the introduction of machinery, the freer use of fertilizers, or the greater division of labor, increase their total products. *Thirdly*, they can *adapt themselves to their environment*. By this term "adaption to environment," I mean to include all subjective changes in man himself which, irrespective of any changes in intelligence or method of production, increases the surplus of society.

The object of the present paper is to examine and classify these subjective changes which tend to increase the surplus.

First, let us look closely at what we mean by a man's environment and his adaptation to it. Adaptation must always be a relative term. We speak of the beaver's tail as being adapted to the building of dams, but had his tail been somewhat stronger and broader still, it might be an important improvement. He might be more adapted to his environment than he is ; and it is beyond dispute that for dam building the hands of a man are better than the tail of a beaver. Thus it is that in speaking of a new desire, or a new good to satisfy the old desire, as being adapted to man's environment, we mean simply that it increases the surplus of society. The extent of the increase is immaterial. Thus, of two goods or of two new desires, one may cause a greater increase in the surplus than the other, and be more adapted to man's environment,

yet both are adapted. A society which added the one of these two hypothetical goods to its consumption which the least increased its surplus, is still a progressive society and increasing in prosperity, for it is increasing its surplus, though it might be increasing it at a more rapid rate. Thus much for the use of the term adaption.

The term "environment" is in these days popular, and there is, therefore, all the greater need that we should be definite and exact in its use. *It is the sum of the conditions which effect a society.* The conditions are partly material, that is, objective to the individuals who form the society. The soil, the climate, together with the railroads, machinery and improved harbors. These compose what we may call the physical environment. To these we may add man's mechanical skill, methods of production. The other class of conditions are the mental, that is, the nature of the persons who compose society, their likes and dislikes, their capacities for pleasure and pain, in things they already have—the pain of their production and the pleasure of their consumption. This nature makes up what we may call the mental environment.

The classical economist, just as he looked at man as a static changeless being, who was moved by one or two desires only; looked at man's physical environment as fixed. And yet, if one truth is more obvious than another it is that—*the physical environment of man is not a fixed but a changing complement of conditions.* With every new railroad that is built, with every improvement of marsh lands, there comes a change in man's physical environment. He may live in the same place of the earth's surface as his ancestor, but his ancestor was confined to a limited area. There was little or no exchange of agricultural commodities between different parts of the world. Now the climate of India is almost as much a part of our environment as the climate of our own State. Thus, a desire which in one age may be possible of gratification, but ill-adapted to the environment, becomes in a later age a distinct economic advance.

Any change in the character or amount of the fixed capital and natural improvements, changes our physical environment. Thus, a Panama Canal may be unwise in that it may cost a greater effort to produce than is compensated for by the increase in our productive power, which would result from its existence. But once it is built, once the energy necessary for its completion has been expended, and it becomes an important condition of our industrial environment and plays its part in answering the question: "What goods are best suited to us?"

What is true of the Panama Canal is also true of any of that class of goods called productive goods which, like machinery, are used to aid in the production of other goods. The fact of the existence of machinery suited and only suited for certain purposes, just as the fact that certain fields have been improved, the fact, in other words, that the character of the fixed capital of the country is what it is, changes what would be, if there was no fixed capital, the people's physical environment.

Again, in the last class of physical conditions man himself—one of the productive factors—is constantly changing. He works with more intelligence; he works with better tools; he plants deeper, and, as a result, the increased pain from the labor of producing a new commodity would probably be less at a later than at an earlier period. Therefore, an increase in intelligence, or an improved method of cultivation, may render a desire suitable to our environment, which was once but ill adapted to it. We have used an illustration taken from agricultural production, yet an improvement in the methods of manufacture may also reduce the pain of production sufficiently to enable us to say that a new desire is beneficial, though before the improvement this would not have been the case. Thus, we can say that:

Any invention, any change in the method of production, or any addition to what we may call the fixed capital of the country, by which term we include machinery and all improvements, changes the economic environment of a people.

So far we have spoken of society's environment as the sum of those physical conditions by which it is surrounded. And yet, as we have pointed out, the conditions by which we have to test the advantage of a new desire, or of a particular good, not only includes the physical, but also the mental environment. As part of the "mental environment," we have mentioned man's capacity for pleasure from different goods. We can also include the capacity for pleasure from the goods which satisfy the new desire, the advisability of which may be under discussion; as also the pain of producing the goods required to satisfy this new desire. How much pain is involved in work is partly the result of man's physical and mental nature; and partly the result of the amount of work necessary for production, *i. e.*, man's physical environment. The main conditions, therefore, of man's mental environment are *the conditions of the consumption of society*.

Changes may take place in our capacity for obtaining pleasure from a good, and this may very materially affect the question whether the good is adapted to our environment. For instance, suppose a society already consumed corn, and we want to test the question whether it would be advisable for it to produce and consume tobacco. The physical environment may be such that to get a million units of pleasure out of tobacco the society would have to give up one-half of their production of corn, because half the corn lands would have to be used for tobacco, and there were no other lands suited for corn. Whether the surplus of a people in this condition would be increased by such a change would depend on the surplus of pleasure they now get out of the consumption of the second half of the corn product. To-day that surplus might be nine hundred thousand; ten years hence, one million one hundred thousand units of pleasure. Here would be a change in mental environment which would make tobacco undesirable.

Changes in the pleasure which we derive from goods are constantly taking place. We can observe it from year to year, almost from day to day, in ourselves. We do not enjoy exactly what our ancestors enjoyed, and our own tastes are constantly undergoing a more or less rapid modification. New desires unsuited to the environment of childhood are adapted to the man, and in the same way "goods" which are suited to the present stage of civilization, and mark man's progress in an expanding development, are in an earlier age signs of decay. To take an extreme instance of this. The love of things which add to the luxuries of life created in the mind of primitive races is an evil, for luxury without refinement gives but little pleasure, and creates habits of indolence. But among the more highly civilized people a desire to add to the refinements of life may indicate progress.

Just as the pleasure which we obtain from goods to which we have been long accustomed changes from time to time, so also does the amount of pleasure change which a new good will give. A library may be of little use to the population of Calcutta, but it is capable of conferring on the individuals of an American city a great amount of pleasure.

Again, whether a good is suited to the environment of a people will often depend on the order in which it is introduced into the consumption. To illustrate what I mean: Some goods only give us pleasure when they are considered or used in connection with other goods. Thus, sugar is a good which is seldom, except in the form of candy, consumed by itself, and yet there are a great many goods, such as tea and coffee, to which sugar is almost a necessary accompaniment. Beer, to a people who eat strong foods, not only adds directly greatly to their happiness, but indirectly adds to the pleasure society derives from the rest of its diet. Beer, however, taken by a sugar-loving people, who usually detest sour foods of all kinds, adds but little directly to the pleasure of life, while it may interfere with other more pleasurable consumption. Take the middle and lower class

Germans, for instance ; increase their supply of sugar, and you will add little to their happiness, as there are comparatively few ways in which they can use sugar. But increase first the supply of sweet bread, and there will follow a taste for many kinds of food requiring sugar for their most advantageous consumption. From the foregoing illustrations it will be seen that we can assert, as general law, that :

A change in the pleasures which are derived from any good, as well as a change in the conditions of production, changes the environment of society.

These facts, concerning what is meant by environment and society's adaption to it, are sufficient to show that the study of the adaption of society to its environment is necessarily a dual study ; not a study of the subjective nature of man alone, or of physical laws and conditions alone, but of a changing man in changing surroundings, both changing according to definite and immutable laws. We often hear that as a man increases in civilization he rises superior to nature. This assumption, however, only half reveals the truth. Man can never rise superior to nature in the sense of becoming indifferent to her laws. The more he knows of her laws, however, the better servant he can force her to be. But he must always accept the laws of the physical worlds as he finds them. A mistaken production, forcing nature to produce from the soil what it is ill adapted to produce, is a waste of energy on the part of man, no matter what stage of civilization he is in. The difference between the primitive man and the man of the present day lies here. The more skilled man becomes as a producer, the greater the number and variety of goods which we can imagine him adding to his consumption without causing the pain of production of any good to exceed the pleasure of its consumption. But because a nation of skilled producers can and does produce a great many goods, and we say their wealth is great, that is no proof that they are adapting themselves to their environment, or, in other words, that if they pro-

duced other goods with the expenditure of the same energy, they would not greatly increase their surplus. The increase in the surplus is not more important at one stage of economic development than at another. There is no limit to the increase, nor any point at which we can say no more subjective changes can take place in man by which he will increase this surplus.

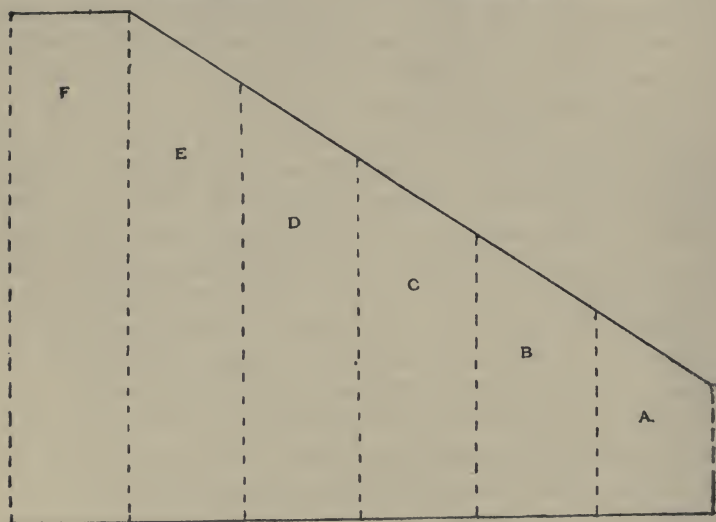
Let us now turn our attention to the classification of the subjective changes in man which, granted a given environment, will increase the surplus of society. For though the environment of any society is constantly changing, the ways in which man can bring himself into closer adjustment with his environment, can only be determined by assuming for the time a certain fixed environment.

We have pointed out that utilities are either absolute or positive, and that the consumption of goods possessing absolute utilities, while it may involve pleasure, may also involve pain. It is important, therefore, that the things which man has to have to avoid pain, his absolute utilities, such as food and shelter and clothing, should at the same time afford him positive pleasure. Suppose a man or a society—Robinson Crusoe, if you will, he is the economist's classic illustration—should need for health a definite quantity of food. For convenience of illustration, we will speak in numbers, and call the quantity needed four units daily. Suppose product *A*, which we may call onions, is the only thing Robinson Crusoe produces. The consumption of the first unit we will suppose gives neither pleasure nor pain. The same with the second. After the consumption of the second unit, Crusoe begins to tire of a diet of onions, though he has to eat more to sustain life. He may not get an actual pain from the consumption of the third and fourth units, but the indirect effects, such as indigestion from the large quantity of onions consumed, may cause a pain which we will call, in comparison with the other numbers used in this illustration, three; one of which we can ascribe to the third unit of onions and the

other two to the fourth. Three units of pain, therefore, come, though indirectly, from the consumption of this absolute utility. The onions thus consumed have to be produced. The soil of the island suitable for growing onions we may suppose to be divided into four parts, viz.: *a*, *b*, *c* and *d*. As shown in the illustration, each soil is of a different fertility for onions, and on lands *c* and *f* onions cannot be grown except with great difficulty.

DIAGRAM I.—*Crusoe's Island*.

Dotted lines different soils.



The pain of production of one unit of onions on *a* equals one unit of pain; on *b*, two units; on *c*, three units; on *d*, four units. Total, ten.

I. A unit of onions is one-fourth the amount necessary to sustain life when our diet is confined to onions.

II. One unit of onions only can be produced on each soil. The illustration gives the pain involved in the work of production on each of the four soils, *a*, *b*, *c* and *d*—the total pain

being ten. This added to the pain of consumption makes a total pain in satisfying hunger of thirteen units. Now obviously one subjective change which will increase the surplus, is to lessen the disagreeableness of consuming onions, and even to derive pleasure therefrom.

The first class of subjective changes, therefore, which will bring us nearer to our environment and increase our surplus, is to *make the goods we consume more enjoyable*.

This can be done in one of two ways: First, directly. Robinson Crusoe in the illustration given can experience a change in his appreciation for onions. But such a change seldom happens to the ordinary individual. After the first few times we use a good, or eat a particular kind of food, our fondness or dislike in the future for it is not apt to greatly increase or diminish. Still in the case of one whose physical condition has been below par, as for instance, a dyspeptic, a return to health is often the sole cause of a great increase in pleasure from the goods consumed. The second, and by far the most important, method by which we can make the consumption of the goods which contain absolute utilities, more pleasurable to us, is to make them a necessary part of a complement of goods from which as a whole we gain pleasure. By a complement of goods I mean those which unite to form one pleasure or series of pleasures. For instance, salt and meat are a complement. United in certain proportions, they give us a single pleasure. Taken separately, they would not give us as much pleasure, or might even give us pain. The salt might be actually disagreeable. In our illustration, Robinson Crusoe might, therefore, turn the natural distaste of the third and fourth units of subsistence which he obtained from the onions into actual pleasure could he eat them with vinegar and salt.

We have taken a simple illustration of this increase of the surplus from combining our consumption in complements, as the onions and the salt and the vinegar. It is a grouping based on the fact that the sensation of taste which arises on

the combination of these elements is pleasant to us, just as certain combinations of sound are pleasant to the ear, or of colors to the eye. This grouping of "goods" into a complement, which depends on a single sensation, we may call physical grouping. Besides this there is another way in which we can combine goods to increase our pleasure. Take, for instance, a man at a dinner table. He combines sauce with meat and different kinds of vegetables. By selecting for simultaneous consumption those goods which "harmonize" with each other, the total pleasure from taste is increased. These are illustrations of what we may call physical grouping. But man is capable of enjoying other things while he eats, besides the pleasures of the palate. A warm room, a clean table cloth, good waiting, all add to our pleasure. What proportion of the pleasure of the dinner table comes from the glass, china, and other accessories, or, best of all, good company, and how much from what we eat, it is impossible to say. Our pleasure is, in a sense, one. These various goods are the sources of the various elements of that pleasure. We group these goods together in our minds, for when they are present in certain combinations, we have a pleasure which is more or less in excess of that which we would experience did we consume each good separately. It is a grouping depending upon the fact that it is possible to experience a pleasure which comes from different senses excited simultaneously. For convenience, we may call it "complex grouping." The third class of grouping is yet wider and depends upon the law of association. We look at the house we call home. It may be beautiful. Its combination of form and color may be arranged in such a way as to create physical harmony. Inside, the table may be set with glasses and flowers and a white cloth, and the tasteful combinations of all may appeal to us. But what makes this house so much pleasanter to us than thousands of others of which the same may be said? It is not the thousand and one recollections which this particular pile of bricks and mortar

brings up in our minds. The meal at the restaurant will give us the right physical groups of goods which appeal to the palate. It may give us the right goods to appeal to that complex pleasure which we call a good dinner, but the meal at home is more enjoyable; and why? because we have grouped around the pleasure of the table all the associations of home.

To repeat, there are three classes of groups of goods: First, Physical groups; second, Complex groups; third, Groups based on the law of Association. Many physical groups may form a complex group; many complex groups, a group depending on association, thus:

Physical Group.	{ Meat, Sauce, Salt.	Complex Group, Good Dinner.	}	Associated Group, with others forming home.
Physical Group.	{ Red Glasses, White Cut Glasses, Table Cloth, Flowers.			
	{ Friends, Warm Fires, Cheerful Rooms, Rest.			

As a single good like meat enters into first one and then another larger group and becomes part of one and then another complement of goods, its consumption becomes more and more pleasurable to us, and we appreciate the fact that we should lose much pleasure were we deprived of it. And so with our Robinson Crusoe, his island, and his onions. The disgust for the taste of the latter which he might feel if he took them alone, may, as we have pointed out, largely pass off if he combines them with vinegar and salt. It would make a great difference to him also whether he eats his onions out in the air or in a warm comfortable house. And if he were a member of the Swiss Family Robinson and had his family with him on the island, and made his simple meal the

time when his family came together, and rested from the labors of the day, he would look upon onions as a source of pleasure because associated with all that was best in his life.

Economists are just beginning to realize the importance of the proper grouping of goods. This is one of the secrets of the closer and better adaption of man to his environment. A clear understanding of the different kinds of grouping is necessary to the formation of any proper theory of prosperity. The difference between the civilization of two men, or two races, is often shown more by their grouping of goods than by the number and variety of their tastes. We have taken our illustration mostly from the table; but what is true of food is also true of clothing. All of us recognize and laugh at the foibles of the dude; just as we turn away in disgust at one whose life is centred in his stomach. And yet, do not we all, at the same time, recognize that the man who is careful about his dress, just as one who likes nice things to eat, is getting out of life more innocent enjoyment than one who is slovenly in his attire and cares not where he has his meals?

We have classed the increase of happiness arising from making a good, containing absolute utility, a necessary part of a group from which, as a whole, we obtain pleasure, as the first method by which a society can adapt itself to its environment, viz: "Make the things consumed more enjoyable." In strictness, it is to make the goods we enjoy more enjoyable by the introduction of other goods into our consumption which harmonize with them.

The second method of adapting ourselves to our environment is to *substitute for the products we now consume, others which, serving the same absolute utility, can be produced with less effort.*

Suppose, in the illustration, Crusoe substituted for a diet of onions a mixed diet of onions and potatoes; and that the first unit of substance of potatoes cost to produce the pain of one unit; the second, two units; the third, three units; and

the fourth, four units. The four units of onions cost Crusoe one, two, three and four units respectively. Only four units of substance are required.

At first glance, it would seem, as if, in calculating the amount, the pain of labor would be reduced by the introduction of the mixed diet, we should have a right to suppose that Crusoe would grow two units of onions on the best onion lands, and two units of potatoes on the potato lands, at a total pain or cost equal to six, thereby decreasing the pain of production by four units. That this is not necessarily the case, however, can be readily shown. Land *a* in our previous illustration, which is the best land for onions on Crusoe's island, may also be the best land for potatoes. The second best land for onions, land *b*, may be second best land for potatoes. If onions are grown on this land, potatoes cannot be raised on it. In that case the introduction of the mixed diet would not reduce the pain of labor.

In the second diagram we have represented still another supposition in regard to the physical condition of Crusoe's island for the growing of onions and potatoes.

DIAGRAM II.

Soils.	Onions.	Potatoes.
a.	1	4
b.	2	1
c.	3	2
d.	4	5
e.	9	3
f.	10	6

Soils *a*, *b*, *c*, *d*, *e*, and *f* each grow one unit of subsistence of potatoes or onions after the expenditure of an amount of energy invoking a pain to Robinson Crusoe represented by the Arabic numbers. *a*, is the best land for onions and the fourth for potatoes; *b*, the second for onions, besides being the best land for potatoes; while *c*, the third onion

land, is also the second land for potatoes; *d* is not well fitted for potatoes, being the fifth best land, and at the same time it is the fourth best land for onions; *e*, while a moderately good potato land, produces onions with difficulty; while the remaining portion of the island, *f*, is not suited for either potatoes or onions.

As a result of the interference on lands, *b*, and *c*, if the mixed diet consisted in two units of potatoes and two of onions; the pain of production, or cost, instead of being six units would be eight for the two units of onions being grown on lands *a* and *c*, the second unit of potatoes would have to be grown on *e* at a cost of three. This calculation would be expressed thus: onions (*ac*) + potatoes (*be*) = 8.

Though Robinson Crusoe in adopting the mixed diet would be taking a step in the direction of adaption to environment, it would be only one step so long as he took equal quantities of onions and potatoes. It is evident that if he not only consumed a mixed diet of onions and corn, but also took one unit of onions and three units of potatoes, he might still further reduce the cost of producing the necessary food. Thus, one unit of onions grown on land *a* would cost one, while three units of potatoes on lands *b*, *c*, and *e* would cost six, or a total of seven units of pain in production instead of eight. Thus in satisfying our absolute utilities we should demand those commodities which possess the absolute utilities in the proportion which nature gives them to us, with the least expenditure of labor on our part.

The fact, however, that less pain is involved in producing commodities, onions and potatoes, in the proportion of one to three, than in producing four units of onions, though it seems to show that there is a tendency for Crusoe to adapt himself to his environment, the proof is not conclusive. The surplus depends not only on the reduction of the pains of life but on the sum of pleasure. Thus, we have supposed he experienced neither pleasure nor pain in his consumption of the first two units of onions; but that afterward in

consuming the third and fourth units the indirect pains of the consequent indigestion amounted to three units. By only consuming one unit of onions he escaped these three units of pain. The pain of production is decreased by three units in growing potatoes, and, unless the potatoes are disagreeable to him, or there are indirect bad effects, he increases his surplus by six units. It may be, however, that the potatoes are slightly poisonous, and that the pains of sickness and general debility which result from consuming these units we can represent by the numbers 14, 15, and 20. Under these circumstances Crusoe, in spite of the comparative ease of growing potatoes, should confine himself to his onions. The mixed diet would not be suited to his peculiar environment. We have used an extreme illustration. Yet there is not *a priori* reason why it should not be paralleled in actual life. Each article we consume has for us its peculiar scale of positive pleasure or pain in consuming its different units. This scale is part of our environment, and must be considered before we can determine the effect of a new good on the surplus.

It is true, as we have heretofore pointed out, that the "environment" represented by the relative pleasure society obtains from certain goods is constantly changing. Often a good which apparently is ill suited to our present condition, rapidly becomes suited to our environment because of our increased appreciation for it. Thus, often we find persons substituting one article for another because the substituted article is cheaper, *i. e.*, the pain of production is less, and not because they obtain a greater pleasure from its consumption. It is often doubtful whether, by such a change, their surplus is increased. But soon there comes a subjective change. They begin to esteem the substituted good, especially if it is better adapted to the purposes to which it is put, and ultimately a greater positive pleasure is obtained from the cheaper good than used to be obtained from the good for which it was substituted. Thus, wool and cotton

have taken the place of linen in many ways during the last fifty years, and now for many uses in which linen was formerly employed, as, for instance, men's summer trousers, cotton or wool gives far greater satisfaction. But at first the substitution was made, not because the use of wool or cotton was more pleasurable, but because they were cheaper.

The second illustration which we have given would lead us to the conclusion that, while subjective changes which lead us to satisfy the same absolute need by commodities which give us more pleasure, or to satisfy them with commodities whose production is less of an effort, both look as if they were in the direction of a better adaption to environment, and are among the important ways in which a better adaption can be brought about, we can never know absolutely whether either is a better adaptation until we know the other element which goes to make the surplus. In the first case the effect on the pain of production, in the second case the effect on the pleasure which we derive from consumption. It is like a pair of scales. Each article produced is consumed. From the one process we get pain and from the other pleasure, and when we change our consumption we must also change our production, or *vice versa*. Such changes always effect for better or worse both ends of the scale.

Another example which may be classed under this second method of adapting ourselves to our environment by substituting for the products we now consume others which serve the same absolute utility and can be produced with less effort, is, in our consumption, to recognize the agricultural law—that if one grows the same product on a soil year after year, the vital elements of the land are exhausted, and the production of that product becomes gradually more difficult. Thus, varying our supposition, we may suppose that the island of Crusoe grew both onions and potatoes; and each soil, *a*, *b*, *c*, and *d*, was equally productive of both. At first it might seem immaterial whether Crusoe consumed two

units of each or four units of potatoes. The cost is the same in both cases, and as long as no more than two units of onions are consumed, there is no indirect pain in consumption. And yet we can readily suppose that the mixed diet would in the end be productive of the greatest surplus. It would enable a rotation of crops to take place. One year land *a* or *b* or *c* could grow onions, and the next potatoes, and there would be less tendency for the effort necessary for production to increase.

The third way in which a society can increase its surplus is to *create new capacities for pleasure*.

So far we have confined ourselves to subjective changes in man effecting his consumption of articles, all of which satisfy the same absolute want. But while the absolute wants of man are few, his latent capacity for pleasure is capable of indefinite expansion. As we have pointed out, man's progress is largely the addition of new desires. Our attitude toward a new desire, therefore, should be one of encouragement. New desires are, in general, indicators of progress. They point to a subjective change in man which usually brings with it an increase in happiness. The difference between the civilized man and the savage, besides the former's greater command over nature, is mainly a difference in the number, character and relative prominence of his respective desires.

But new desires can only be considered as adding to the prosperity of individuals, or of nations, when the gratification gives more pleasure than the pain of producing the goods which satisfy the new desire. A desire whose gratification was practically impossible could only be a source of pain. New capacities for pleasure are not *necessarily* desirable. The disadvantage most often impresses us from its moral side. Thus, the drinking of strong liquor is apt to result in a moral evil. No one would argue, for instance, that when the American Indian was given a taste for liquor he made a step forward in progress. But, as from the moral

side, the acquisition of new desires is not always good, from a strictly economic standpoint there may be new desires, to which no moralist would make any objection, which, at the same time, the economist should condemn. The economic standpoint of progress is the increase or decrease of the surplus of human pleasure or happiness. And, therefore, the advisability of a new desire is to be tested by the criterion: does it increase this surplus? A desire unsatisfied, and which never will be satisfied, can only be a source of pain. When we speak, therefore, of a new capacity for pleasure as being desirable, we mean only those which there is a probable chance that increased effort, or greater saving in another direction, will satisfy. We must also limit desirable new capacities for enjoyment to those which can be satisfied with less pain than the resulting pleasure of consumption. For instance, if the new capacity for pleasure was the capacity to enjoy commodity *x*, and that commodity gave us in consumption six units of pleasure, and the pain of acquiring the commodity equaled seven units, we would never produce it. Thus, the desire would always be unsatisfied; causing pain, if causing any sensation at all. But when a new capacity for pleasure can be satisfied, and as a result a surplus from the production and consumption of the goods which minister to the new capacity is obtained, is not then the economic requirement satisfied? Not yet, we must know something more. It is the increase or decrease of the *total* surplus, not the *particular* surplus from the production and consumption of a particular commodity which satisfies a single capacity for pleasure, which is the ultimate criterion of economic prosperity. This alone tells us whether the new desire is adapted to the environment of society.

It seems, at first glance, a paradox to say that a capacity for pleasure, which we may satisfy with less pain than the pleasure we derive therefrom, may decrease our surplus, and yet that such is sometimes the case, can be easily shown.

To return to the illustration of Robinson Crusoe and his island. We found that under the supposed physical conditions of the island, and supposed taste of Crusoe for onions and potatoes, if there were no indirect effects from potatoes, he "best adapted himself to his environment" when he used land *a* to grow onions, and lands *b*, *c* and *e* to grow potatoes. In this way he grew the four units of subsistence necessary to sustain healthy life, and the goods which contained this absolute utility "cost" to produce seven units of pain; one unit of pain to grow the unit of subsistence of onions on land *a*, and one, two, and three units respectively to grow the first, second and third units of potatoes on lands *b*, *c* and *e*. Suppose now that Crusoe acquired a fondness for a certain wild grape which grew on a part of the island. Its juice makes to him a pleasant drink, though its absolute utility was no higher than water. In a short time the supply of these wild grapes is exhausted, and if he desires to continue the gratification of this new desire, it is necessary that he should take time and labor in their cultivation. The question is, is it advisable to satisfy this new desire, or refraining from cultivating grapes and consuming grape juice to slowly eliminate the remembrance of their taste and his desire for them? In the first place, to answer this question, we are forced to assume a definite amount of pleasure in comparison with the pain of producing potatoes, onions and grapes, which grape juice is capable of giving him. Suppose we say that the first unit, which we will suppose represents one glass at each meal, gives him three units of pleasure; and the second unit, which is represented by a second glass at each meal, gives him two units of pleasure. We will suppose also that the cost of growing each unit is one. The surplus then for two units of grape juice is three. Yet we cannot say that this new desire is necessarily beneficial. Suppose the grapes were grown on lands *a* and *b*, then Crusoe would have to rearrange the planting of his island. He could no longer grow onions on land *a* and potatoes on land *b*. The best arrangement he

could make would be to produce three units of sustenance of potatoes on lands *c*, *e* and *f*, at a cost or pain of eleven, and one unit of onions on land *d* at a cost of four. As a result, therefore, of satisfying his new desire for grapes, he has increased the cost of growing the four units of sustenance from seven to fifteen. The surplus from grapes was three, making a net loss or decrease in his surplus of five. Below, in Diagram III, we append detailed statements of the facts and conditions we have supposed.

DIAGRAM III.—*Pleasure of Consumption.*

	Onions.	Corn.	Grape Juice.
First Unit	0.*	0.	3.
Second "	0.	0.	2.
Third "	-1.	0.	0.
Fourth "	-2.	0.	0.

* Numerals represent pleasure in consumption and the minus sign indicates the pain due to the indirect effects of indigestion.

Pain of Production.

A.	B.	C.	I.	II.	III.
	Onions.	Potatoes.	Grape Juice.		
Land a	1.*	4.	I.	Imp.†	Imp.
" b	2.	1.	I.	Imp.	Imp.
" c	3.	2.	Imp.	Imp.	Imp.
" d	4.	5.	Imp.	Imp.	I.
" e	9.	3.	Imp.	I.	Imp.
" f	10.	6.	Imp.	I.	I.

* Numerals represent cost or pain of producing one unit of goods.

† "Imp." means impossible to be produced.

If, as we have just supposed, grapes could only be grown on lands *a* and *b* as shown in the illustration in Column I, then, as we have pointed out, a desire for grape juice would be ill suited to the environment.

On the other hand, if grapes, as is shown in the illustration in Column II, could be grown on lands *e* and *f* then the new desire would increase Robinson Crusoe's surplus. He could grow onions on lands *a* and *d* at a cost of one and four respectively; while two units of potatoes could be

grown on *a* and *b* respectively at a cost of three units. As a result of the new desire, the cost of growing the necessary food is increased from seven to eight, but as the pleasure from grape juice is three units more than the pain of production, there is a net gain in the surplus of two and the new desire can be truthfully said to be adapted to the environment.

Column III represents conditions where the new desire is satisfied by the utilization of lands not formerly cultivated. The whole surplus which comes from the new desire is added to the total surplus of life. Such a desire can truly be said to be especially adapted to the environment.

We are inclined to believe that the second illustration, where the pleasure has been increased, as the result of the new desire, but not increased as much as might have been expected, is the common result of new desires or new commodities. Each new product which we demand from the soil is grown on some of the land formerly utilized for other products. The product thus displaced, if no change takes place in our methods or our intelligence, we afterward grow on land which is less adapted to it. We can best see the present effect of each of our desires, by trying to realize the reorganization of agriculture which would take place did the demand for one article suddenly cease. Suppose we no longer grow wheat in this country. Our net surplus would be greatly decreased, but, in all likelihood, it would not be decreased by the surplus which we now get from raising and consuming wheat, because we would then be able to grow other commodities on the present wheat lands in larger quantities than on some of the lands on which we now raise those commodities.

We have, undoubtedly, many desires which would fall into the category of the first case given, and which to lose would increase the total surplus of our pleasures. But these are mostly desires which are gratified by agricultural commodities, already largely consumed in another form. As,

for instance, whiskey, which, though there is a large surplus in its production and consumption, being made from corn and other cereals, largely increases the average effort which is necessary to produce these goods, thereby greatly adding to the pain of producing bread and many other things. Thus the economist, from his economic standpoint, condemns the consumption of liquor, as much as the moralist from his standpoint, or the physician from his. On the other hand, while the moralist and physician might condemn the drinking of wines made from grapes, the economist, if he confined himself to the present increase of the surplus, could have nothing but praise for a desire which, like the taste for wine, is satisfied by the utilization of hillsides which are unfit for any other product except grapes, and therefore forms one of the best illustrations of the third example given, where all the increase of surplus which came from the new desire was equal to the surplus which came directly from its production and consumption of the new good.

The agricultural production of the world is only the production of the farm on a large scale. Each farmer looks at his lands; he knows what it can produce; what acres are suited for one crop; what for another; and he knows what he and his customers like to eat or use. With each new product he is asked to grow he will make a readjustment of his fields, many being planted with some new crop. Perhaps his own and his customer's surplus will be increased. If so, he and his customers will have adapted themselves to their environment.

We can say of some goods that they are adapted to particular environments, while of others we can say, in general terms, that they are not so adapted, and that their consumption hinders the progress of society. But there are, as a matter of fact, few goods of which the first statement can be made without qualification, and few of which the last can be sweepingly asserted. An indefinite quantity of a good is never suited to any environment. Corn, wheat, potatoes,

and an indefinite number of products may be said to be suited to the present environment of the people of the United States. Yet, if we demanded an inordinate amount of any one, no one would say that the demand *to that extent* would be a demand suited to our environment. There is a point in each product where, if we still further increased the demand, we would decrease our surplus, though its increase to that point might increase the surplus. This is the true point of diminishing returns, though it may be, and we believe usually is, reached long before the average return for a unit of labor expended begins to fall. On the other hand, while the soil of any country is never so well qualified to grow a particular product that we can say a practically unlimited demand is suited to the environment, so also few products are so ill suited that we can say a small amount grown in the proper places would not increase the surplus.

We have thus in a cursory manner gone over the three ways in which society can adapt itself to its environment. We have found that man can teach himself to like better the things he has to consume to obtain the necessary absolute utilities of life, and that the true secret of doing this is to make the good containing the absolute utility part of a group of goods from whose consumption as a whole he obtains pleasure. In this way man recognizes the laws of association and other laws of his own physical nature in the pleasure he derives from harmonious sensations, and the fact that it is possible for him to obtain a pleasure from the proper combination of many goods where the presence of one of the goods alone would give pain. In short: *society adapts itself to its environment by recognizing the laws of man's nature in respect to its capacity for happiness.*

Secondly, society can change its consumption so as to obtain the absolute utilities of life from other goods which nature gives in greater abundance than those at present consumed, or by varying its consumption, can prevent the exhaustion of the soil and likewise reduce the cost or pain of

production. This is society *adapting itself to its environment by recognizing the physical laws and condition of the world of nature which is outside of man.*

Thirdly, society can acquire new desires, which, being suited to the subjective nature of man, and to the physical environment of society, increases the surplus. This is a combination of the other two. It is society *adapting itself to its environment by the recognition of the laws both of objective nature and the subjective nature of the individual.* A new desire which is not only suited to man's nature, but also to the physical world, about him, is the supreme effort of the race to reach a higher plane of civilization—to put man in complete harmony with his environment. The survival of the fittest is the survival of those classes in society who most rapidly and easily make the necessary subjective changes in their desires to adjust themselves to their external and internal conditions.

We started out with the assertion that the science of political economy was primarily the science of prosperity—of the increase of the surplus of society, and not the science of exchange or of value, or of distribution. The economist's work is to point out the laws which effect the prosperity of a people. The survival of those classes who adjust themselves to their environment is the survival of those who increase prosperity. What we have done in this paper is simply to indicate what economists must do. We have tried to classify all the possible ways in which a society can be supposed to adapt itself to its environment. We must leave to others, or at least to another time and place, a study of the forces which cause those who tend to adapt themselves to their environment, or what we may call the dynamic elements in society, to survive and thus displace the static elements who cling to forms of consumption out of harmony with their surroundings.

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THE FEDERAL REVENUES AND THE INCOME TAX.

I.

For upwards of a decade, America, in the amplitude of her expanding wealth, has presented to the world of finance and administration the unique and almost isolated spectacle of a nation with revenues so redundant as almost to defy exhaustion or expenditure; of successive administrations whose efforts were employed, not in devising means by which taxes could be collected with the least possible friction and inequality, but rather in the spending of almost unwelcome revenues in order that their collection might be continued; of a party in power to whom the taxing machinery was an engine to be employed primarily for the support of an industrial policy, rather than for satisfying the legitimate demands of the State, and by whom protection was a fetish to be worshiped even to the exclusion of exact justice or scientific principles in taxation.

With the advent of the current fiscal year, however, the fruition of this prodigal policy became manifest in a proximate deficiency in the treasury. Not only had the appropriations of the two preceding Congresses imposed upon the government expenditure most extravagant, but an unforeseen commercial depression further embarrassed the administration by causing a marked reduction in the estimated receipts, traceable to the diminished consumption of taxable commodities. For upwards of a month the treasury has been confronted with a deficiency. Expenditures have not been diminished; in fact, for the quarter ending September 30, they exceeded those for the corresponding period of 1892 by three million dollars, while the customs and internal revenue receipts for the same months show a falling off of upwards of twenty million dollars, the difference amounting not

infrequently to as much as two millions a week. Assuming the present diminution to continue throughout the year, the revenues for the fiscal year 1894 will be smaller by over seventy-five millions than those of 1893, and, as compared with the treasury estimates made in 1892 for the same period, the loss will be considerably over one hundred millions.

Although this deficiency may be viewed as but temporary and traceable to the existing suspension of trade and general stagnation of industry, which a revival of business may be depended upon to rectify, still it is advisable to take precaution for a contingency, especially in view of the hostility on the part of Congress to every proposal looking to even a temporary loan. Moreover it is impossible to calculate with any degree of exactitude on the duration of the present depression and its effect upon the revenues, for our experience during the period subsequent to the crisis of 1873 shows that a depression may make its influence manifest in the revenues for years after the stringency itself has passed away.

Moreover, the party but recently called into power avowedly contemplates a complete reorganization of existing fiscal arrangements by such a modification of the customs revenue as, in the words of Adam Smith, will "occasion the least possible loss of money and enjoyment to the contributors, and the least possible impediment to the progress of national industry and wealth." Just how the fulfillment of these pledges will affect the revenues it is impossible to estimate. It may, in fact, operate to increase receipts, for our experience immediately subsequent to the war shows that an increase of rates is not always the best means of increasing the revenues of the State, but that on the contrary this result is frequently attained even more surely by a reduction of the taxes, especially those which bear upon consumption. By diminishing the charges which enter into cost is often to give to consumption a new and vigorous impulse.

English experience displays this apparent paradox even more strikingly than does our own. In 1842, when Robert Peel, by one of those transcendent strokes of genius which characterized his public life, undertook the reform of the revenue system, the budget had shown for several years a deficit. From 1837 to 1842 the expenditures exceeded the receipts by nearly forty million dollars. The trouble had become chronic and the remedy applied had been to advance the rates, with the uniform result that the revenues diminished rather than increased. Subsequent to the reforms of Peel, however, which were looked upon as chimerical in the extreme, and after the immediate reaction of the first few years, the revenues began to rebound, and from that time down to the later modifications in the revenues, manifested a steady and continuous increase.

The same results may possibly follow the reforms contemplated by the Democratic party, but for some years, at least until the country accommodates itself to the changes in the rates, a deficit is to be expected. This deficiency will approximate one hundred millions, possibly more, and will render necessary recourse to supplementary sources of revenue. The only alternative therefore is a return in part to the extraordinary system of internal taxation which obtained during and immediately subsequent to the Civil War. And such being the case, the question to be solved is—Does the best fiscal policy advise the opening up of new sources, such as the income, license, corporation, stamp or general excise taxes, or shall the revenues be increased by advancing rates upon existing taxable subjects? Our own experience proves and financial theory supports the principle, that, other things being equal, the best financial policy is that which interferes as little as possible with the greatest liberty of industry and the largest possible freedom on the part of the individual. Under peace conditions the general excise tax, such as existed during the war would not be endured, inasmuch as it contravened almost every principle

of taxation ; the stamp tax is objectionable for like reasons, while the license taxes now occupy prominent positions in nearly all the State systems. A return to the taxation of corporations, especially those of an inter-State character, which as a rule are inadequately taxed by our States, owing to constitutional and judicial restrictions, has much to commend it, but the practical difficulties in the way of the passage of such a tax render it improbable that it will be seriously considered. Several proposals have been made recently looking to the rehabilitation of the income tax, and such a measure would have strong support in the Western States. This tax has much to defend it, and theoretically it appears to be the most equitable of taxes. The burdens which it imposes are palpable and likely to induce a more careful scrutiny into public affairs ; it is ascertainable in amount and is not hidden from the view of the payor by entering into cost ; it is not cumulative, does not interfere with business relations and does not impinge upon the limit of subsistence of those possessing but small incomes, as do the customs and excise taxes. Thus it satisfies most thoroughly that canon of taxation which prescribes equality of sacrifice on the part of citizens. Many of these excellencies are corroborated by our own experience during the war, but despite this fact, as well as the approval which it has received from the hands of economists and financiers, it has never been other than unpopular with American people, and the opposition and antagonism which every suggestion looking to its restoration as a portion of the federal system has aroused, leads to the belief that in the memory of the people its administration was accompanied with so many inequalities and annoyances that an attempt to replace it would be an error. In the following pages we shall endeavor to indicate the operations of this tax during the period extending from the outbreak of the war down to 1872, when it was repealed, and then to deduce from these experiences some conclusions

as to its propriety as a federal measure and also its applicability to the present circumstances.

II.

The first reference to the income tax in American annals is to be found in the special report of Secretary Dallas in 1815, in which he advocates the imposition of the income duty, along with many others, as temporary war duties for the support of the treasury during the continuation of hostilities. No attention seems to have been paid to this suggestion, however, and it does not appear that any attempt was made from this time down to the outbreak of the Civil War to derive revenue from internal sources. Even at this latter time it is a matter of some surprise, in view of the general hostility of the American people to any tax which savors of inquisitorialness, that Congress should have had recourse to the income tax at the extra session called during the summer of 1861, when it imposed the direct or apportioned State tax,* and before any attempt had been made to open up those sources of indirect taxation which had formed the bases of the earlier excise systems of Hamilton and Gallatin. Possibly this may be explained in part by the prevalent belief in the early suppression of the rebellion, and by the desire on the part of Congress and the administration to devise a system which would be but temporary, immediately productive, and would not interfere with industry. The duties imposed by the measure were not, however, onerous. Thus all incomes not exceeding \$800 were declared non-taxable, while incomes in excess of that amount were made taxable at the uniform rate of three per cent. Incomes derived from public securities, however, paid but one and one-half per cent, unless held by citizens resident abroad, when five per cent was deducted. The tax was self assessed upon schedules prepared for the purpose, and was to be based upon receipts for the preceding year irrespective of their source.

* Act of August 5, 1861.

In case of neglect to comply the assessor was directed to estimate the income himself from the best information obtainable, and to add thereto a penalty for non-compliance with the law. The administration of the tax was placed in the hands of the internal revenue officials, for which the bill made authorization. Each State comprised a revenue district, in each of which a principal assessor and collector were appointed, with plenary authority further to subdivide their districts as they might see fit ; while at the head of the system stood the Commissioner of Taxes, later denominated the Commissioner of Internal Revenue.

In addition to the minimum exemption mentioned above a further deduction was permitted the payor for any expenditure for State or local taxation, for rent and the customary repairs.

This measure had not yet become operative when Congress, reassembling in regular session, introduced modifications which rendered its previous action inoperative. By the measure adopted early in 1862 the exemption was reduced to \$600, and the rates were made slightly progressional, while the administration was rendered very cumbersome and inquisitorial by requiring the most minute return of all sales made or stock of goods on hand.* The result of these provisions was, in the eyes of the Commissioner of Internal Revenue, sufficient to deprive the tax "of all claims to public favor," although he was impelled to acknowledge that the "people have accepted it with cheerfulness to meet a temporary emergency."† In order that it might not appear too inquisitorial, however, and thus prove needlessly offensive to the public, he instructed the officials that returns of incomes should not be open to inspection by others than the proper officers of the revenue, and further recommended to the

* Act of July 1, 1862. The rates imposed by this measure were as follows : Upon incomes below \$10,000 and above \$600 the rate was three per cent, while incomes above the former amount were assessable at five per cent.

† Report on Finances, 1863, p. 70.

consideration of Congress the advisability of making the rates more rapidly progressional, so that the tax would bear with greater severity upon large incomes.* The method of assessment was vexatious in the extreme, for instead of its being based upon some criterion of revenue, such as rental value, as the Commissioner later advocated, † the law required the assessor to secure from each taxable an itemized account of the sources of his income for the previous year. For instance, if he be a farmer, the value of all "incomes or gains derived from the purchase and sale of stock or other property, real or personal, and the increased value of live-stock, whether sold or on hand, and the amount of sugar, wool, butter, cheese, pork, beef, mutton or other meat, hay and grain, or other vegetables or other produce."

With such methods of administration as these it occasions no surprise that the tax was unpopular, the returns incomplete, and the burdens unequally distributed. There is no reason apparent why he who consumed his produce should be exempted from giving returns, while he who saved it should be taxed; neither is it apparent why he who lived in his own house should not be permitted to make deductions for its rental value the same as if he had rented the house from another and paid the rental from his pocket. Yet such were some of the anomalies of the law.

Later modifications eliminated many of these inconsistencies and corrected the more radical defects of the law, but the comparatively moderate returns secured, even while the tax was supported by the war enthusiasm of the people, prove conclusively the futility of assessing a tax upon such elusive bases.

The duties imposed under this law remained in force but two years, when by the comprehensive law of June 30, 1864, ‡

* *Ibid.*

† *Ibid.*, 1864, p. 66.

‡ One week subsequent to this most comprehensive measure Congress by joint resolution imposed a special income tax of five per cent upon all incomes exceeding \$600, which was to be collected in addition to the regular income tax. It was assessed but once (in 1865), the war closing early in that year, and produced \$29,381,862.

they were again increased and rendered more gradually progressional. By this latter measure incomes between \$600 and \$5,000 were taxed at the rate of five per cent; those from \$5,000 to \$10,000 at seven and one-half per cent; and all incomes above the latter amount at the uniform rate of ten per cent. The administration being rendered somewhat complicated by this classification, a later law reduced the classes again to two, and incomes over \$5,000 were rendered dutiable at the uniform rate of ten per cent.*

The war closed almost immediately after and the imperative necessities of the treasury were in part relieved. Measures for the immediate repeal of the income tax were at once proposed, but Congress wisely chose first to relieve those objects most oppressed by the excise. Industry was shackled and the laws of trade set at variance by the duplication which the internal taxes imposed. The income tax fell mainly upon accumulation, and in the opinion of the special Revenue Commission, appointed in that year to devise methods for the reform of the system, would "probably be sustained with less detriment to the country than any other form of taxation--the excise upon spirituous and fermented liquors and tobacco possibly excepted.† It is this impotency of the income tax to affect prices and industry, as well as its non-interference with the free employment of capital, which renders it such a fit emergency tax and commended it to Pitt during the Napoleonic wars and to Peel during the reorganization of the British financial administration in 1842. It is in addition elastic and capable of immediate and indefinite expansion in time of temporary necessity. For this reason it served as a fiscal bridge upon which the finances of the country might be supported until industry and trade could accommodate themselves to the changed conditions of production immediately subsequent to the close of the war.

* Act of March 3, 1865.

† Report of Revenue Commission, House Ex. Doc., No. 34, Thirty-ninth Congress, p. 27.

Unfortunately the report of the Revenue Commission, so complete and satisfactory in other respects, offers but little information in regard to the operations of the income tax. Its retention was, however, advocated, but with some important modifications. To the Commission the progressive element was an unjust discrimination, since it was a "tax upon the results of successful industry and business enterprise." It therefore recommended the repeal of this discrimination and the imposition of a uniform rate of five per cent on all incomes over \$1,000, an exemption which was held to be equivalent to \$600 at the time when the tax was first imposed, inasmuch as the inflation of prices had greatly enhanced the cost of living. The report further recommended that no deductions for house rent be permitted, or if such be allowed that they be limited to \$300, inasmuch as it had been found that such excessive rentals had been permitted by the assessors, that in New York alone the losses to the revenue from this source had exceeded two millions of dollars per annum.*

Congress conceded to this report in so far as it related to the increase of the exemption to \$1,000, with a uniform rate of five per cent upon incomes above that amount, but the proviso was attached that the measure should expire by limitation in 1870.† This latter provision was not observed, however, for Congress, fearing that the revenues would prove inadequate, later extended its operation two years longer, but with the rate reduced to two and one-half per cent and the exemption increased to \$2,000.‡ It is curious to note that under the latter arrangement the tax became even more unpopular than it had been at the time of its greatest extension, for it assumed in the eyes of the payor the form of a compulsory tribute imposed upon accumulated wealth and was hence deemed unjust. The productivity of the tax further suffered

* Report of Revenue Commission, House Ex. Doc., No. 34, Thirty-ninth Congress, p. 28.

† Act of March 2, 1867.

‡ Act of July 14, 1870.

from the fact that in addition to the above exemption, as well as all taxes, both State and local, deductions were permitted for all losses "actually sustained by fires, floods, ship-wrecks, or that occurred in trade ; amount of interest paid during the year, the amount paid for rent or labor to cultivate land," as well as any expenditure incurred in repairs.

The effect of these provisions was to render the tax almost inoperative and scarcely worthy of retention. Thus the taxables returned in 1871 were but 74,775, while in the following year (the last of the operation of the tax) the number further fell off to 72,949 ; while the receipts for the same years were respectively \$14,434,949 and \$8,416,685.

Few taxes were more unpopular or odious to the people than the income tax. From its first imposition it was assailed as invading the sanctity of the most private affairs, as being inseparable from inquisitorial scrutiny into business relations, and an insufferable penetration into those affairs of the individual which were in a sense sacred, and which in the past had been exempted from the visits of the excise man. It was further alleged, with some truth, that a tax which offered such opportunities for evasion was a charge upon honesty and a premium upon false returns. In the large cities especially was the tax exposed to widespread evasion and fraud. In the hands of an honest and conscientious official the mode of assessment was vexatious in the extreme, while in the hands of an incompetent one it was open to all sorts of collusion. In the former case it was grievous, annoying and unpopular ; in the latter unjust, tempting to evasion and falsehood, and destructive of the moral sense of the people, who came to view the oath lightly and to look with equanimity upon any attempt to defraud the revenue.

In a country like our own, where but little stability exists in business relations ; where speculation in some form or other is a great, one might almost say chief, source of wealth ; where large revenues from landed property are rare, and where incomes vary from year to year almost as widely

as among different individuals, and where none of that stability of commercial relations exists which is characteristic of Great Britain, and renders a uniform rate of taxation of but little practical injustice; when to this is added the difference in our ideas of civic integrity, it is a cause of no surprise that the income tax was unpopular, unjust, and subject to such abuses as almost to render it untenable as a Federal measure.

Moreover, the American people are a sensitive, "touchy" people. The doctrine of *laissez faire* is carried to extravagant lengths with us, and any tax whose collection requires official penetration into private affairs is by that very fact a bad tax. Our practical, utilitarian philosophy holds that tax to be the best tax which is best administered and follows the lines of least resistance, or whose collection is embodied in the sententious aphorism of the French, "*l'art de plumer la poule sans la faire crier*," a proverb which possesses the large grain of truth that from the standpoint of public morals a bad law well executed is better than the best law feebly executed. Moreover, such complete confidence was reposed in the individual that evasion of the tax was an easy matter, and the instruction of the Commissioner early in 1863 only facilitated it. Later legislation, however, threw all returns open to the public, and the Commissioner instructed officials to have them published in the pages of local papers, "in order," as he said, "that the amplest opportunity may be given for the detection of any fraudulent returns that may have been made."* The efficiency of such a ruling in compassing the object desired may be questioned, for it seems to have induced a hostility to the tax which probably offset any stimulus to honest returns through the fear of detection.†

In order to facilitate the collection of the tax extensive use was made of a system of stoppage at the source. By

* Boutwell's "Direct and Excise Taxation in the United States," p. 259.

† See *The Nation*, November 25, 1869.

this means corporations of a certain kind announcing dividends shaved off the tax and paid it to the collector before the distribution of the dividends to the stockholder. In this way a large portion of the tax was paid without the income passing through the hands of the eventual payor of the duty, while fraudulent returns were rendered impossible and the necessity of supervision reduced to a minimum. It has been estimated that the cost of returning this portion of the tax did not exceed one-fifth of one per cent, a fact which led the Commissioner to recommend that this method be extended to all corporations declaring profits upon dividends.* The greater efficiency of this system as compared with the collection through individuals will be seen from the fact that in 1865, when the total receipts were \$32,050,017, nearly forty per cent was covered into the treasury through the instrumentality of the banks, canal, railroad, insurance companies and Federal employees.†

But despite the fact that the income tax was despoiled by fraud and evasion, it proved one of the most satisfactory, from a purely fiscal point of view, of the many expedients hit upon by Congress in its omnivorous search for objects for taxation. Thus in 1865 it produced as much as was received from spirits, both malt and distilled, and tobacco; while in the year following it returned nearly forty per cent more than these combined sources. In the former year over fifteen per cent of the entire internal revenue receipts were derived from this source; in 1866 over twenty per cent, and in 1867 over twenty-four and one-half per cent.

As indicative of the general distribution of wealth and the variations of income, it is interesting to note the receipts from the various classes of payors from 1863 to 1867, at which latter date the new provisions went into effect.

* Report on Finances, 1863, p. 73.

† The tax upon incomes from Federal office-holders was collected by the disbursing officers, who were directed to withhold the tax from all salaries of United States officials.—Boutwell's "Direct and Excise System in the United States," p. 260.

These receipts were as follows :

	* From incomes over \$600 and not over \$10,000.	* Over \$10,000.	From property of citizens resident abroad.	From interest on U. S. securities.	† Over \$600 and not over \$5,000.	† Over \$5,000.
1863	\$172,770	\$277,461	\$1,872	\$3,637		
1864	7,944,153	6,855,160	58,674	75,373		
1865	9,697,246	9,362,339	169,924	133,402	\$539,143	\$801,971
1866					26,046,759	34,501,122
1867					31,492,694	25,547,946

* Rates at three per cent and five per cent.

† Rates at five per cent and ten per cent.

It will be noticed that the increased rates imposed by the law of 1864 did not make themselves felt in the receipts until two years after their imposition, an indication of the comparative slowness with which the excise became operative. It is also of interest that the receipts at three and five per cent, provided by the law of 1862, bore nearly the same relation to each other as did the receipts under the latter act of 1864. Moreover, this same parity is observable when we examine the returns of taxables. Thus in 1866 the Commissioner reported that from 185 of the 240 collection districts the assessors received returns from 190,189 taxables, acknowledging incomes over \$600 and under \$1,000; from 162,513 having incomes over the latter amount and under \$5,000; while 31,009 persons made acknowledgment of annual revenues in excess of the latter sum.

Presuming this ratio of returns to hold good for the entire country, the number of taxables returned for the year 1866 could not have been over 500,000 at the outside, from which we must conclude, approximating the population at forty

million souls and estimating one taxable for every five persons, that either but one taxable in every sixteen received an income over \$600, or else that the tax was but poorly collected. The latter alternative is in all probability the correct one, although even the former indicates a comparatively high standard of life.

As corroborative of the former opinion, as well as indicative of the sectional inequality of the tax, it may be cited that in one collection district in New York the receipts from the income tax for the fiscal year 1867 were \$5,496,233, while the entire tax collected during the same period from the eleven States of Virginia, Texas, Tennessee, South Carolina, North Carolina, Mississippi, Louisiana, Alabama, Georgia, Arkansas and Florida was less than one-half that amount.* As further indicative of the territorial distribution of the burdens of taxation, it may be cited that, in 1869, Massachusetts, New York, New Jersey, Pennsylvania, Ohio, Illinois and California, although possessing but forty per cent of the total wealth and population of the country, paid upwards of three-fourths of the entire income tax collected.

In the years immediately subsequent to the Act of March 2, 1867, which increased the exemption allowed on incomes to \$1000, the number of taxables returned manifested a considerable falling off, while the receipts were diminished by about one-half. This measure was limited in its operation to four years, during which time the average number of taxables returned was 267,210, of which number nearly sixty per cent paid taxes of over twenty dollars. The receipts during these years were as follows :

Year.	Receipts from Individuals.	Receipts from Salaries of U. S. Officials.
1867	\$27,418,000	\$1,029,992
1868	23,390,000	1,043,561
1869	27,353,000	561,963
1870	26,150,000	1,019,526

* The collections on account of the income tax for the fiscal year 1867 from these States were as follows : From Florida, \$14,197 ; Arkansas, \$34,980 ; Mississippi, \$60,740 ; South Carolina, \$62,208 ; North Carolina, \$62,450 ; Virginia, \$204,623 ; Texas, \$155,340 ; Tennessee, \$396,327 ; Louisiana, \$586,282 ; Georgia, \$320,552 ; Alabama, \$404,036 ; total, \$2,300,931.

As a closing enactment to the long series of experimentation on the income tax the limit of exemption was increased in 1870 to \$2,000, with the avowed intention of relieving all save large incomes from the operations of the tax. The rate of taxation was further reduced to two and one-half per cent, at which point it remained until 1872, when the tax expired by limitation. During these latter years the receipts from this source were scarcely worthy of collection, while the fact that the law had been inspired by Western legislators anxious to shift the burdens of the excise upon the rich capitalistic class of the Eastern manufacturing states, gave it in the eyes of the latter class the form of an enforced contribution, which they felt justified in evading. No assessments were made after 1872, in which year the last collection was made.

While the experience recounted above may seem to be sufficient to destroy any claim of the tax to favor, it is still impossible to draw from it wholly adverse conclusions as to its suitableness as a Federal expedient, inasmuch as the defects were not intrinsic ones, but were mainly administrative, traceable in a large measure to the spoils system of patronage which dictated the distribution of appointments. The entire system, as the Special Revenue Commission at the close of the war indicated,* was vitiated and rendered so inefficient from this cause that had the measure been never so perfect and never so well suited to our political and economic conditions, it would of necessity have broken down. Imperfect as this experience is, however, it inclines to the conviction that the income tax to be efficient must be confined to smaller areas. The wide expanse of territory, the lack of homogeneity in racial and economic conditions, as well as the considerable burdens imposed by the State and municipal units render it inadvisable for the Federal power to depend in times of peace upon direct taxation in any form. The

* Report of Revenue Commission, House Executive Doc. No. 34, Thirty-ninth Congress, First Session, pp. 17.

assumption by the Federal power of the principal forms of indirect taxation renders it necessary for the local units to depend in large measure upon land and incomes for meeting their growing expenditures, and while the income tax, as now understood, is not wholly suited for State or local purposes, it is still better adapted to their use than to the nation at large.*

III.

In view of this experience, therefore, it would seem inadvisable at the present time to recur to the income tax as a means for tiding over or meeting the contemplated deficiency in the revenues. An alternative is to be found in the increase of the rates upon whisky, malt liquors and tobacco, subjects which already constitute the principal and most productive objects of internal taxation.

At the present time these commodities are objects of revenue in some form or other in nearly every civilized State; in some through governmental manufacture and sale, in others as a basis of taxation. Aside from the fact that they are articles usually held to be superfluous, and by many harmful luxuries, these objects find favor in the eyes of financiers from the fact that the demand for them is to a large degree what Professor Marshall terms "inelastic." Consumption, it is held, does not follow price as it does in other commodities, for experience has shown that the demand remains about the same, no matter what the cost of production.† In other articles a substitute usually presents itself

* Professor Bastable dissents from this view, and holds that the difficulty of localizing incomes renders this tax wholly unsuited for local taxation, even though it be applied to the American States or the Swiss cantons. See "Public Finance," p. 360.

† Such at least is the customary theory in regard to such articles, but our own experience does not wholly corroborate it. Thus, during the years extending from 1864 to 1868, when the exorbitant war rates obtained upon these articles, the number of cigars and gallons of whisky returned for taxation fell off very markedly, although much of this was traceable to evasion of the tax. Moreover, during the six years subsequent to the crisis of 1873, the consumption either fell off or failed to increase proportionately with the growth of population, a phenomenon which has been repeated during the past few months. It is also to be taken into consideration that

which more or less completely satisfies the want, while not infrequently the increase in price effectually checks the consumption. Not so with the articles under consideration, for as yet no substitute has been found for intoxicants or narcotics. The equation of demand and supply for such commodities is therefore not a parabola, but a straight line, and the only problem which confronts the financier is an administrative one—namely, the character and amount of duty which from a fiscal point of view will prove the most efficient.

Our own experience in seeking a solution to this problem forms one of the most interesting chapters in recent fiscal history. First chosen as an object of revenue by Hamilton in 1791 as the basis of the permanent excise system which he contemplated organizing, the tax upon spirits was from the first odious and unpopular to the people, and formed, according to the opinion of Hildreth, one of the chief causes of the later downfall of the Federalist party. Ten years later (in 1801), upon the advent of Jefferson and the Democratic party to power, the tentative efforts of Hamilton were swept away, and not until bankruptcy stared the government in the face under the pressing exigencies engendered by the war of 1812, was the tax again imposed. From this time down to the outbreak of the Civil War no recourse to any form of internal taxation seems to have been contemplated by any party, and the manufacture and sale of distilled spirits came to be one of the most important industries of the American people; the output of the country in 1860, as estimated by the census of that year, exceeding 90,000,000 gallons, a fact which commended it to Congress as a fit object of revenue. Along with tobacco and malt liquors, therefore, distilled spirits were among the first objects hit upon by Congress in its search for objects of revenue, and while the rates

a reduction of the amount of whisky returned does not always indicate a reduction in domestic consumption, for the article is so susceptible of adulteration that any increase in price almost inevitably leads to a deterioration in quality. Roughly speaking, however, these articles, unlike most luxuries, may be said to be inelastic and not subject to change in demand with every alteration in price.

imposed under the early laws were inconsiderable, they soon formed fruitful sources of revenue.

The first tax upon distilled spirits was but twenty cents per gallon (or 100 per cent *ad valorem*),* a rate ridiculously low in comparison with those imposed by foreign States, and early in 1864 † the tax was increased to sixty cents, at which point it remained until July of the same year, when it was further advanced to \$1.50 a gallon, ‡ and later to \$2.00 per gallon. § The result of this continued experimentation was to induce speculation on a wide scale. In anticipation of the increase in the tax distillers forced production to the uttermost in order to take advantage of the increase in the price, for the tax was not made applicable to stock on hand or in bond. Distilleries sprang up in great numbers, induced by the unusual profits to be made from the manufacture of spirits, and the stills which, according to the census of 1860, numbered but 1,138, increased in three years to 2,415, which number was again nearly doubled by 1868.

Enormous fortunes accrued to the producers from this anticipation of the duty, inasmuch as when the product was placed upon the market the tax was added to the cost, just as if it had been paid. These profits for the period of two and one-half years, extending from July 1, 1862, to January 1, 1865, making every allowance for overestimate, could not have been less than \$100,000,000, a sum which, had the increased rates been made immediately operative, would have accrued to the treasury at a time when it was suffering under every form of embarrassment.

The same phenomena which characterized Congressional action in regard to whisky distinguished its efforts to derive a revenue from tobacco. Like distilled spirits, the rates imposed upon this subject by the comprehensive measure of 1862 were soon recognized as insufficient, and Congress, to

* Act of July 1, 1862.

† Act of March 7, 1864.

‡ Act of June 30, 1864.

§ Act of December 22, 1864.

whom nothing seemed more axiomatic than that "two and two make four," even in the arithmetic of taxation, at once proceeded to treble the rates, with the same result that followed in the case of whisky. It has been carefully estimated that the losses to the revenue from the anticipation of the tax upon tobacco equaled those of distilled spirits, while the further diminution in the receipts from these sources, due to evasion and dishonest collusion with officials, almost surpasses comprehension. Not only was the machinery of administration untrained and inefficient, but the rates of taxation were so high as to induce fraudulent returns wherever possible. Dishonesty and evasion were well-nigh universal. In fact, the experience of the four years extending from 1864 to 1868 is sufficient to establish the principle that a system of taxation, to be efficient, must not impose rates so high that the ordinary penalties are insufficient to deter men from attempting to evade them, for whenever this occurs and the profits to be derived from illicit production form a stronger incentive to cupidity than the penalties do as preventives, then the government overreaches itself and places a premium upon crime and fraud.

Since 1868, in which year the rates upon distilled spirits were reduced to fifty cents per gallon,* while those upon cigars and tobacco were reduced fifty per cent, our experience has been more fortunate. Frauds were soon reduced to a minimum and have since practically ceased; while the revenues have steadily increased in conformity with the growing wealth and population of the country. Thus the receipts from tobacco rose like magic from \$18,700,000 in 1868, to over \$31,000,000 in 1870, under the reduced rate; while from distilled spirits the revenues increased from \$14,500,000 in 1868, to over \$45,000,000 in 1869, a sum which in the following year further advanced to \$55,000,000.

During the intervening years the duties upon these objects have been subject to frequent change. Upon whisky the

* Act of July 20, 1868.

rate was raised from fifty to seventy cents in 1872,* at which figure it remained for three years when it was again advanced to ninety cents per gallon,† where it has remained unchanged ever since.

Rates upon tobacco on the other hand have been successively lowered in conformity with the demand for "free tobacco, the poor man's luxury," and at the pressure of those interests hostile to any reduction of the tariff. In 1883 the rates upon all forms of domestic tobacco as well as special license taxes were reduced fifty per cent, or to three dollars per 1,000 upon cigars and to eight cents a pound upon manufactured tobacco,‡ while in 1890 all the special license taxes for the sale of tobacco were abolished and the rate upon manufactured tobacco still further reduced to six cents a pound.§

Just what effect has followed this reduction of the tax upon the price of tobacco and whisky it is difficult to determine with any degree of accuracy. There is reason to believe, however, that it has been but slight, if any. The price of drinks sold over the bar has remained the same whether the duty was two dollars or fifty cents per gallon, although the quality of the article sold may have improved. In the case of cigars and tobacco the same is true, although many contend that even this advantage has been lost to the public and accrues to the manufacturer through the formation of the tobacco trust.

The tax upon malt liquors has remained practically unchanged from the first imposition of the tax by the act of July 1, 1862. By this measure the duty was placed at one dollar per barrel of thirty-one gallons, which is equivalent to an ad valorem tax of twenty per cent, or approximately one-fifth of a cent per glass. Inasmuch as the article can be produced at an average cost of from one and two-thirds to

* Act of June 6, 1872.

† Act of March 3, 1875.

‡ Act of March 3, 1883.

§ Act of October 1, 1890.

one and three-quarter cents per glass, and sells at retail for five cents, this is manifestly an insufficient rate as measured by what other commodities entering largely into consumption are taxed.

From these combined sources, whisky, tobacco and malt liquors, it is believed that revenues almost unlimited may be obtained. Of well-nigh universal consumption, as these articles are, socially harmful in their effects and unnecessary to the comfort and well being of the nation, the payment of the taxes may be viewed as wholly voluntary, as a sum abstracted from the surplus fund of individual income.

The objection is not infrequently brought against these taxes that, although theoretically duties upon luxuries, they are in reality burdens imposed upon the laboring classes, inasmuch as they form the largest body of consumers of liquors and tobacco, and it is this class whom it should be the first aim of the government to protect. By continued use they have become a necessity to the majority of the people, and the want is of such an "intense" order that it is often satisfied, even if to the exclusion of those more essential to comfort.

The force of this objection rests largely upon the theory that all taxes upon commodities are eventually shifted to the consumer; that any addition to the cost of production in the form of a tax is forthwith added to price, and is thus diffused throughout the community. In substance this argument is as follows: The manufacturer who pays the tax in the first instance, will not deduct the same from his profits, for in a system of free competition profits are already at a minimum. He therefore views it as one of the essential increments to cost of production, and forthwith adds it to price, with a further profit added thereto for the advancement of his capital. Otherwise he would cease producing. He cannot recoup himself from labor nor from the farmer who produces the raw product. In a like manner the same process goes on in the retail transaction, until the enhanced cost is

eventually taken from the final payor who consumes the finished product.

But this theory is only true under conditions of perfect competition, conditions which, unfortunately, do not exist in the manufacture and sale of the articles under consideration, for the production and sale of whiskey, malt liquors and tobacco, is in a measure subject to the laws of monopolistic value. Now manifestly, the principle of diffusion recognized to be true under free competition is inoperative here, inasmuch as free and perfect competition is not to be found. Profits are therefore not regulated by the mean average profits secured in other industries, for monopoly price is always fixed at the point where the largest sales and the largest gross profits will be realized. The substantial truth of this contention is to be seen from an examination of the effect of the changes of rate upon prices, for during the war, when the extraordinary rates obtained, the prices for drinks sold over the bar remained the same, whether the tax was two dollars or fifty cents a gallon. Our recent experience in regard to tobacco further substantiates this theory, for the price of cigars has remained practically the same, whether the rates were six or three dollars per 1,000, while the duty upon chewing or smoking tobacco, which is uniform whatever the retail price of the article, has varied but slightly with the duties at thirty-two, sixteen, or six cents per pound.

A partial shifting of the tax does take place by adulteration and the use of inferior grades of tobacco, but competition is so imperfect that the public has but little security against such practices, even at the present time. Moreover, that unusual profits are to be made from the business of retail liquor or tobacco selling, is seen from the fact that a large family can be supported from the income of a comparatively insignificant establishment, while the recent exhibition of the whisky and brewing trusts indicates that exceptionally large profits are obtainable from these industries.

Within recent years the businesses of distilling, brewing and tobacco manufacture, have been consolidated into comparatively few hands, so that the price as well as the grade of these articles is capable of being fixed arbitrarily and without reference to those elements which are usually determinate factors.

It is such considerations as these, therefore, which lead to the belief that the taxes upon these articles, unlike other commodities of universal consumption, are in part at least extracted from monopolistic profits, and do not greatly, or at least wholly, enter into the price and bear upon the consumer.

They are, moreover, in no sense obstructive to industrial freedom and there is no evidence that even the highest rate imposed has ever proven productive of any very general discontent. It is such considerations as these that renders these subjects favorite ones for taxation, for it is the practice of nearly every European government to derive from these sources the largest possible income consistent with efficiency of administration and the highest social welfare.

Few will contend that this point has been reached in the United States, certainly not in regard to tobacco and malt liquors. As regards distilled spirits however, Mr. David A. Wells maintains that the rate is as high as that subject will bear and supports this contention by reference to our humiliating experience during the years extending from 1864 to 1868, when the two-dollar rate obtained.* But it must be remembered that the conditions of administration as well as production have changed materially since that time. No longer is the revenue service raw and untrained. Officials have become familiar with the laws, alterations in the rates are made but infrequently and means for the prevention and detection of fraud have greatly improved. Moreover, the organization and successful conduct of the so-called "whisky trust" has placed in the employ of the government a most

* Special letter to Secretary of Treasury, July 8, 1893, p. 13.

effective agency for the prevention of illicit distillation, for it is manifestly to the interest of this combination to prevent rather than encourage the evasion of the tax, while the eventual result of this concentration of the business into a few hands will be to localize production and render the collection of the tax a comparatively easy matter. At the present time the area of illicit distillation is confined within the mountainous districts of the South, where the output is comparatively unimportant and does not enter into the general market. It is therefore believed that the rate upon distilled spirits could be increased to \$1.25 per gallon without material loss in quantity consumed, while the revenues would be increased thereby thirty million dollars. It is even believed that the rate could be still further advanced with advantage to the revenue, but the social effects consequent upon adulteration in the retail trade render such a course of doubtful expediency.

An equal amount could be obtained from an increase in the rate upon malt liquors from \$1.00 to \$2.00 per barrel. As a popular beverage the consumption of beer is increasing at a phenomenal rate, the quantity taxed per capita nearly doubling during the thirteen years subsequent to 1880.*

Since 1863, when the duty was first imposed, the amount returned for taxation has increased from 62 million gallons to 1071 millions, or an increase in the per capita consumption of from 1.86 gallons to over sixteen gallons. During the same period the revenues have increased at a like rate from \$1,558,000 to \$32,000,000, or a per capita increase of revenue of from five to forty-eight cents. Moreover, unlike distilled spirits, illicit manufacture is so difficult, owing to the fact that large and expensive plants are essential to production, that an increase in the duty is not likely to lead to a repetition of the same disastrous results that characterized the taxation of distilled spirits. With an increase of the tax to \$2.00 per barrel, or forty per cent ad valorem, the consumption

*In 1880 the consumption was 8.25 gallons per capita; in 1893, 16.02.

would not materially suffer, nor would the quality of the article, while an increase in the revenues of thirty-two millions could be expected.

A like sum could also be secured with comparative ease from a doubling of the rates upon cigars and tobacco, which are taxed at a lower rate in this country than in almost any other. The receipts from this source in 1893 were but \$32,000,000; by doubling the tax the revenues could be increased to \$64,000,000, while with an increase in the rate equal to that now in force in Great Britain the receipts could be augmented to eighty-five million dollars, while were the same rates imposed as are collected in France, this sum would be swollen to one hundred and twelve million.*

With these alterations made the revenues from these three internal sources might be increased from \$159,000,000 to \$253,000,000 as follows :

	Receipts 1893.	Estimated Receipts.
Distilled spirits	\$95,000,000	\$125,000,000
Fermented liquors	32,000,000	64,000,000
Tobacco	32,000,000	64,000,000
Total	\$159,000,000	\$253,000,000

With such a balance-sheet as this and with such unparalleled showing of resources no apprehension need be felt for even the most radical alterations in existing revenue arrangements, for it is safe to assert that contemporary history can make no other such exhibit of unemployed powers and unopened resources.

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* These statistics, as well as the estimates, are taken from the special letter of Hon. David A. Wells to the Secretary of the Treasury, July 8, 1893.

THE POLITICAL ETHICS OF HERBERT SPENCER.*

It is often said that great thinkers who are allotted a prolonged career begin as revolutionists and end as reactionists. Some such verdict will probably be rendered in the case of Herbert Spencer when history shall have summed up the work of his life. The general law results from the circumstance that while "the world moves" human character is fixed. The influence exerted by this class of men, working in harmony with the general forward tendencies of society, causes a rapid advance in all the active centers of thought, the aggregate of which in half a century is very considerable. On the contrary, the position taken by a young and vigorous mind just entering its productive period is usually as advanced as it will be at any later period, often more so. This fixity is further strengthened by a certain pride of opinion which favors the defence of all earlier expressions of thought, and thus is a double barrier erected to the subsequent modification of views that have once been uttered. The general result is that the moving thought of the age soon overtakes the stationary thought of the man, and, at a certain point in his career, rides past him, leaving him behind in the race. In Mr. Spencer's case, as in most cases, such modifications as have taken place in his views have been in a backward rather than a forward direction, giving to his later utterances a less radical or more conservative character. Such have been his changes of attitude toward the working classes, to a less extent toward women, on religious questions, and on the land question. It is natural that there should be a marked difference between the tone of his early productions, inspired by the warm sympathies of youth, and his mature deliverances, after his ardor had

* "Justice:" Being Part IV of the "Principles of Ethics:" New York, 1891. The "Principles of Ethics:" New York, vol. i. 1892; vol. ii. 1893. "Social Statics, Abridged and Revised;" together with "The Man *versus* the State:" New York, 1892.

been cooled by time and experience; and these influences alone are sufficient to account for the slight alterations mentioned, while his surrender of the doctrine of a "moral sense," so vigorously contended for at the outset, is creditable to him in showing that he was capable of yielding to the logic of facts.

Of Mr. Spencer's "Synthetic Philosophy," originally planned to consist of ten volumes and thirty-one parts, and often referred to as the most comprehensive cosmological scheme ever conceived by man, nine volumes, containing twenty-nine parts, have actually appeared, and are in the hands of the reading public, so that there only remains one volume containing two parts unpublished, and some of this is doubtless in an advanced state of preparation, if not actually in press. It is, therefore, safe to say that the whole of Mr. Spencer's legion of readers, including those who least agree with him, join in the general hope that life and strength may hold out until the end is reached, and as much longer as may be.

The works of Mr. Spencer are so universally read that there is little occasion for explaining their contents, and, indeed, any proper review of even the latest would probably be a work of supererogation. It will be more profitable, after briefly indicating what parts it is proposed specially to consider, to bring the various topics treated in these parts together into a somewhat logical order, analyze and discuss their general bearings, and set forth such considerations, conclusions, and natural corollaries, as seem to grow out of the *tout ensemble*. In a word, an analytical or critical, rather than an expositional form of treatment seems to be demanded.

The first part of Vol. I of the "Principles of Ethics," occupying somewhat more than half of the volume, has been before the public as the "Data of Ethics" since 1879, and there are few books that are now better known. This part will therefore receive only incidental mention. The

remainder of the volume (Parts II and III) treats mainly of individual ethics and does not for this reason justify detailed treatment in this sketch. On the other hand "Justice," which forms Part IV of the "Principles of Ethics," or the first part of Vol. II, deals only incidentally with private morals and chiefly with political ethics. It, therefore, notwithstanding its earlier date, calls for a somewhat thorough examination. Part V treats of what he calls "Negative Beneficence," or what ought not to be done, and Part VI of "Positive Beneficence," or what ought to be done, the two together constituting his "Ethics of Social Life." These topics seem to relate to the individual and not to the State, nevertheless, as will be seen, a large amount of political ethics is worked into the treatment, which cannot be wholly ignored.

The remaining volume which it is proposed to bring within the purview of this paper has a different claim. It consists of two entirely distinct treatises, the first, occupying two-thirds of the volume, being his "Social Statics, Abridged and Revised," which is therefore now in such shape that it may be regarded as reflecting his mature views. The other treatise, completing the volume, is a reproduction, unchanged except by the addition of a short note, of the pamphlet entitled "The Man *versus* the State," published by Williams and Norgate in 1884. This pamphlet consists of a series of four articles that appeared in the *Contemporary Review* from February to July of that year, together with a "post-script" of six pages. These articles are entitled respectively: "The New Toryism," "The Coming Slavery," "The Sins of Legislators" and "The Great Political Superstition." They may be regarded as making an application to current political affairs of the principles laid down in his "Ethics" and "Social Statics."*

* All the works above enumerated have been received as they appeared by the writer of this paper, either directly from the author's hand or through his American publishers, a courtesy which is here publicly and thankfully acknowledged.

That all these works come within the scope of ethics, as Mr. Spencer understands it, is shown by the fact that his "Justice" is to so large an extent a mere revision and repetition in substance of the "Social Statics." In the latter the law of "equal freedom" is laid down as clearly as in the former, and the discussion of its resultant principles as well as its "corollaries" follows the same lines. In fact, the titles of the chapters in the two books are to a large extent the same, often literally identical: Such are the chapters in "Justice" entitled "The Right of Property," "The Rights of Women," "The Rights of Children," "Political Rights—so-called," "The Constitution of the State," "The Duties of the State," and "The Limits of State Duties;" and even where the heads of the chapters differ the subjects discussed are usually the same. These and other similar titles also indicate how largely his ethics relates to public matters and the duties of which he speaks are the duties of the State. The first volume, however, of his "Principles of Ethics," consisting of the "Data of Ethics," the "Inductions of Ethics" and the "Ethics of Individual Life," deals more especially with the general philosophy of duty.

All are of course acquainted with the general character of Mr. Spencer's ethics as set forth in the "Data of Ethics," the doctrine that happiness is the end of action, and the argument that this will ultimately be attained through altruistic action becoming that which yields the greatest happiness, the most egoistic. To the "Data of Ethics," as originally published, is now added a rediscovered chapter in the form of an appendix, entitled, "The Conciliation," although this is also the title of Chapter XIV, which covers much the same ground and may have been an attempt to supply the lost one. This "conciliation" is the reconciliation between egoism and altruism, and it is here extended to society as a collective unit and illustrated by reference to those animals, such as bees, which have acquired social natures and become almost

perfectly adapted to a social state. Their purely altruistic actions have come to be prompted by instincts, and are therefore the only ones that can satisfy their desires; and he draws the conclusion that human society may one day be so perfect that a purely hedonistic activity will be consistent with the highest good of the community.

Aside from the natural objection, which probably ought not to be raised, but which will be raised, that all this is visionary and utopian, there are two aspects from which it may be instructive to view it. In the first place it is open, along with all altruistic reasoning, to the charge of being self-destructive. Altruism is based on the assumption of the real or possible unhappiness of others, which unhappiness consists entirely in the inability to pursue egoistic ends. A state in which all were able to pursue egoistic ends and only such would leave no room for altruistic action, and would thus rule out the whole domain of ethics from a scheme of philosophy. This is the general objection that lies against Mr. Spencer's classification of the sciences as embodied in his works. It is surprising that a mind so logical could have failed to see that ethics is not an independent science at all, that it relates to a theoretically transient state of society, which, as he himself shows, is to pass away so soon as egoistic and altruistic actions shall have become mutually adjusted, that the "conciliation" is simply the disappearance of altruism with the supremacy of innocent egoism in which happiness alone consists. Ethics, therefore, during this transition period, is merely a department of sociology, and only entitled to a very subordinate place in the sociological scheme. That he should have made it the great end of all his labors, saying of it that "this last part of the task it is, to which I regard all the preceding parts as subsidiary,"* is to be compared in inconsistency with the belief of certain saintly beings whose only happiness in this world is derived from ministering to the afflicted, that they are to be rewarded

* "Data of Ethics," p. 5 (preface to Part I when issued separately).

by greater happiness in a world where there are no afflicted to minister to.

The other reflection that naturally arises from this view of ethics is that social insects, whose perfect organization society is to imitate, have reached the extreme stage of typical socialism, as pictured by the most unequivocal advocates of that social condition. Individuality is here utterly lost, and all the members of the society are reduced to the dead level of equality, while over the whole swarm the "queen," as the specialized representative of the uniform collective will, reigns supreme without the need of exercising the slightest authority. The social machine is complete and automatic.

In accord with Mr. Spencer's exaggeration of the rank that ethics should take in a scheme of philosophy, is his equal exaggeration of the importance of a "regulative system." The statement in the preface to the "Data of Ethics" that "few things can happen more disastrous than the decay and death of a regulative system no longer fit, before another and fitter regulative system has grown up to replace it," taken in connection with the apprehension just before expressed that his own system of ethics might not appear unless he turned aside and prepared it in advance of its natural place in the scheme, certainly admits of the interpretation that this is the "fitter regulative system" to which he refers. Such confidence can only be compared with that which Comte had in the early acceptance and ultimate supremacy of his moral and religious system.

The truth that ethical systems and codes merely reflect the state of morals prevailing at any given time and place, and do not themselves influence that state, and the kindred truth that a certain standard of morals is a condition to the existence of the social state itself, do not seem to have taken a firm hold of Mr. Spencer's mind, although occasional glimpses of them are apparently caught; as where he says that "the genesis of such codes, and partial conformity to them, have been necessary; since, if not in any degree

recognized and observed, there must result social dissolution." * It seems remarkable that so strong an advocate of the merely historical or natural history method of studying sociology, which he labels all over with "take care!" and "hands off!" should propose in the case of ethics, which is so obviously a social necessity, and therefore self-adjusting, to "interfere" and "regulate" the conduct of individuals. The surprise is still further heightened at finding him correctly attributing the real moral progress of the world not to the "regulative system," but to "the progress of civilization" † and to "mental evolution." ‡

The "Inductions of Ethics" is a highly instructive treatise, passing in review the conduct of all the nations of the earth, especially of the uncivilized races, with their widely conflicting customs. Its perusal is well calculated to enable the reader to penetrate the conventionalities of his own time and to distinguish, as few persons can do, between conduct which is intrinsically moral or immoral and that which is so only because the prevailing code approves or condemns it. The various ideas that have prevailed in the past, and now prevail, among different peoples relative to justice, generosity, humanity, veracity, obedience, industry, temperance, chastity, etc., are set forth in the clear and orderly manner that characterizes all of Mr. Spencer's writings of this class, and are supported by all the authority that he is able to summon. The unreliability of these sources of information has caused much of his sociological work to be severely criticised, if not entirely rejected, and it is this perhaps that has brought forth in the present case the following disclaimer:

"Not all travelers are to be trusted. Some are bad observers, some are biased by creed or custom, some by personal likings or dislikings; and all have but imperfect opportunities of getting at the truth. Similarly with historians. Very little of what they narrate is from immediate observation. The greater part of it comes through channels

* "Principles of Ethics," vol. i., p. 316.

† *Ibid.*, p. 293.

‡ *Ibid.*, p. 307.

which color, and obscure, and distort ; while everywhere party feeling, religious bigotry, and the sentiment of patriotism, cause exaggerations and suppressions. Testimonies concerning moral traits are hence liable to perversion."*

In the " Ethics of Individual Life " are treated the subjects of activity, rest, nutrition, stimulation, culture, amusements, marriage, and parenthood. Trite subjects these, and difficult to raise above the commonplace, yet, conceived as filling each its appropriate niche in a great world scheme, he has succeeded in rendering them quite palatable, while throughout the chapters one finds the spice of originality and breadth of conception lending an unexpected flavor. No better example could be given than is furnished by his treatment of " stimulation," in which he rightly condemns the excesses that are committed in the supposed performance of duty, which society usually approves because the acts are displeasurable, reserving its condemnation for those excesses which are in themselves enjoyable, apparently on the principle that " the damnable thing in the misconduct is the production of pleasure by it."†

Probably the least scientific part of Mr. Spencer's entire system is his treatment of the ethics of social life, or negative and positive beneficence. Negative beneficence consists of restraints of various kinds, as on free competition, free contract, blame, praise, etc. He makes all such restraints to depend upon the principle of altruism to be displayed by those who are to exercise these restraints. He admits that under the operation of free competition and free contract circumstances often give certain individuals an advantage ; which with him is as it should be, since he is able to see no other reason for this advantage than the superiority of such individuals, who therefore deserve their advantage ; but negative beneficence enjoins all such not to press their advantage to the full extent that justice entitles them to do, but to be

* *Ibid.*, p. 464.

† *Ibid.*, p. 508.

merciful and not altogether crush and destroy those who are unfortunate because they are unworthy. He says :

"The battle of life as carried on by competition, even within the bounds set by law, may have a mercilessness akin to the battle of life as carried on by violence. And each citizen, while in respect of this competition not to be restrained externally, ought to be restrained internally. Among those who compete with one another in the same occupation, there must in all cases be some who are the more capable and a larger number who are the less capable. In strict equity the more capable are justified in taking full advantage of their greater capabilities."*

Again :

"Anyone who, by command of great capital or superior business capacity, is enabled to beat others who carry on the same business, is enjoined by the principle of Negative Beneficence to restrain his business activities, when his own wants and those of his belongings have been abundantly fulfilled ; so that others, occupied as he is, may fulfill their wants also, though in smaller measure."†

Once more :

"Under pressure entailed by a commercial crisis, a trader, while unable to get further credit from his bank, is obliged to meet a bill immediately falling due. One who has capital in reserve is asked for a loan on the security of the trader's stock. He may make either a merciful or a merciless bargain. He may be content with a moderate gain by the transaction, or, taking advantage of the other's necessities, may refuse except on conditions which will involve immense loss, or perhaps eventual bankruptcy. Here, again, there is occasion for the self-restraint which sympathy prompts."‡

These are fair samples of negative beneficence as he understands it. It results entirely from the inherent goodness or sympathy of the agent, and the whole treatment, despite its stately form, is not much above the ordinary moralizing so familiar to all. Sympathy exists and often mitigates hardship, and it will do so more and more as the race advances, but everyone knows that it cannot be depended upon as a business principle. It is only an accidental and occasional

* "Principles of Ethics," vol. ii, p. 277.

† *Ibid.*, pp. 282-83.

‡ *Ibid.*, p. 290.

element and not a reliable factor in social science. Anyone who should try to persuade the officers of a trust to sell the commodity they control at a price below that which yields them the largest profit would in this country be classed as a "crank."

In his treatment of positive beneficence, Mr. Spencer first deals with the duties of husbands to wives, parents to children, children to parents, and the sound and healthy to the sick and injured, in all of which there is much to approve, although for the most part the conclusions simply follow as a matter of course, and it is almost to be regretted that a regard for completeness should have required such subjects to be treated at all. But when he comes to the question of relief to the poor, which, according to him, naturally belongs here, an opportunity is afforded for the vigorous expression of his well-known views on poor rates and public charities in general. His defence of private charity on the ground of its subjective effect in ennobling the giver has a certain force, much of which, however, is lost when it is remembered from what diverse and often unworthy motives giving proceeds. He justly condemns those forms of charity that tend to create a dependent class, but he fails to prove that this is not as effectually done by private as by public methods. To hear him, one would hardly think that the former ever produce this result. But are the pauper laws of England more pernicious in this direction than is the universal private alms-giving of Italy, for example?

He does not touch the real kernel of the matter, which does not relate to the source of the act, but to the manner of its performance. Beneficence should only be directed toward those who are entitled to it in consequence of the defective social conditions under which they live. It should only go so far as to remedy this social defect. It should be so directed as to ennoble instead of demoralizing the recipient. All this can be done, as close students of the question have proved, and this is scientific charity. The question is then

narrowed down to ascertaining whether this can best be done by the individual or by society. That it cannot be done by single individuals actuated by a multitude of vague, conflicting, and whimsical motives, all must concede. It can be done to a limited extent by large associations with enlightened officers. The larger such associations are the less personal will be their action, and hence the more successful. The most impersonal of all organizations is the State, and while much even here depends upon the character of the officers, the danger that unworthy or illegitimate influences will control their action is here at its minimum.

In discussing political beneficence, Mr. Spencer is very severe on the officers of government, and says much about "eternal vigilance," etc., attacks Parliament for over-legislation and the law courts for delinquency. "Political beneficence," he says, "will seek removal of these enormous evils more energetically than it will seek constitutional changes or extensions of State management." After enumerating the principal evils which political beneficence is to remove, among which we find "bubble companies," "swindling syndicates," "incorporated bodies," "official organizations," "bank failures," and "company disasters," he adds:

"Political beneficence, then, prompting this 'eternal vigilance,' will, I say, be ever ready to detect possible modes of corruption; ever ready to resist insignificant usurpations of power; ever prepared to challenge transactions which in the smallest ways deviate from the proper order; and ever ready to bear the odium consequent on taking such courses." *

To all this no one should object. The evils enumerated are among the worst that society suffers. The only difficulty is to reconcile Mr. Spencer's sanction of State action in suppressing them with his law of equal freedom as set forth in his political ethics proper, which it is our next task to consider. The acts he condemns clearly result from that law, and there is a manifest inconsistency in his philosophy.

* *Ibid.*, p. 421.

Passing now from individual to social ethics, as set forth in "Social Statics" and in "Justice," we are confronted at the outset by the "law of equal freedom," which is the pivot upon which Mr. Spencer's entire system turns. It is stated in the earlier work in the following form :

"Every man has freedom to do all that he wills, provided he infringes not the equal freedom of any other man,"*

and in the later one :

"Every man is free to do that which he wills, provided he infringes not the equal freedom of any other man ;"†

that is, he has seen no reason for making any essential change. Of course the expression "has freedom," or "is free," means : ought to be free, or, is ethically free. It is freedom *de jure*, and not necessarily *de facto*. The *proviso*, however, is ambiguous. To infringe the equal freedom of another may mean to interfere with his freedom either to perform the same act or to resist its performance. Resistance to such performance would not, strictly speaking, be "equal freedom," yet most acts of aggression call for resistance and not for action of the same kind. If one man covets what another has and seeks to obtain it in any other way than by mutual agreement, he would, according to the literal terms of the formula, be ethically free to proceed, so long as this did not interfere with a third party seeking the same object. If equal freedom means the freedom of the party aggressed upon to resist, then the only meaning of the law is that anyone is free to do whatever he wills, provided all countervailing efforts are unmolested. The so-called law of equal freedom is therefore not a rule of human ethics, which would involve a conscious sacrifice. It might be called the rule of animal ethics, if this did not involve a contradiction of terms. The wolf in descending upon the fold does not infringe the equal freedom of any other wolf to do the same,

* "Social Statics, Abridged and Revised," p. 55.

† "Justice," p. 46.

nor of the sheep to resist such an attack. And as "man is a wolf to man" the same is true in his case.

Mr. Spencer's attempts to escape from this complexion, to which his law of equal freedom comes, are unsuccessful. His qualifications, exceptions, admissions and supplements, either neutralize the law entirely or they leave it untouched. To say that no one is free to aggress, is to say the opposite of what the formula says. To say that it refers to a social state in which there is no desire to aggress, is to confess the invalidity of the law in any real case.

The fact is that Mr. Spencer's law of equal freedom was not framed as a law of individual ethics. In laying it down he was not thinking of conduct between men and men as co-ordinate factors in society. He was thinking of the conduct of the *State* toward individuals. "Freedom" in his formula means *civil right*. In plain terms, he means that the State has no right to interfere with the conduct of the individual except where the individual infringes the liberty of another individual. If he does not say this in so many words his whole social and ethical philosophy teaches it, and it is not worth while to dwell upon the "dilemmas" which the narrower view involves. His ethics, therefore, as taught in these two works, in "The Man *versus* the State," and in his other kindred writings, is essentially a political ethics, and deals almost exclusively with the rights of the State.

This leads us to consider, first of all, his conception of the origin, nature, and functions of the State. With his much iterated doctrine that the order of development in society has been from militancy to industrialism, or from a *régime* of *status* to one of contract, we need have little to do, as it belongs more especially to his sociology, and is elaborated in earlier works. It is, however, important to know that students of ethnology deny that government originated in war, and show that it grew naturally out of the family relation, and is based primarily on kinship. It is also impossible that a society should exist for any prolonged period

in a state of war. And even if there had ever been races that subsisted entirely on the booty acquired in war, their existence would imply that of industrial races from whom these supplies must be taken. And yet, to judge from many of Mr. Spencer's statements, it would be hard to avoid the conclusion that he considered the whole world to have been in a chronic state of war during its early history, and to have been only quite recently transformed into an industrial state. It cannot, however, be denied that the wars that have almost always prevailed between tribes, nations, and races resulted in enforced labor on the part of the masses, which later gradually gave way to what we call free labor, based on such contracts as the laborer is able to make with his employer.

Mr. Spencer early espoused the doctrine of an analogy at least between society and a living organism,* propounded twelve years earlier by Comte† (he disclaims all acquaintance with Comte at that date), and although he has variously qualified it under the spur of criticism, he still adheres to its substance in so far as to treat society as under the absolute dominion of the same class of laws that govern the physiological economy of living creatures. Owing to a preconception, however, he treats the evolution of society as taking place through differentiation alone, whereas biology owes to him the formulation of the important law that organic evolution always consists in the mutual processes of differentiation *and integration*. As the parts become more and more specialized the wholes are more and more generalized, until a perfect organism of the higher types becomes completely integrated and under the dominion of one supreme ganglionic center. Logical consistency would therefore have required him to look upon society, even in its most advanced state, as the analogue of some of the lower types of organisms, in which the degree of integration is far

* 1850. See "Social Statics, Abridged and Revised," p. 267 ff.

† 1838. See "Philosophie positive," vol. iv. pp. 285, 311, Paris, 1869.

from complete, and each individual, like the cells of the *Labyrinthulæ* and other protists, is to a large extent independent of the general *cœnobium*, or society. He should then have shown how even this state was developed from a lower one of complete individual independence, corresponding to that of the *Amœbæ*. Finally, it would have behooved him to point out that this natural process of organic development was still going on in society as it has gone on in biology, and that a stage would be ultimately reached in which a supreme center of social consciousness, or *social ego*, would exist, having full control of the hierarchy of subordinate centers and of the individual members of society.

Such would have been the logical outcome of the doctrine of a social organism. But instead of this we find him talking in the following fashion :

"Concerning individual organisms and social organisms, nothing is more certain than that advance from lower to higher, is marked by increasing heterogeneity of structures and increasing subdivision of functions. In both cases there is mutual dependence of parts, which becomes greater as the type becomes higher ; and while this implies a progressing limitation of one function to one part, it implies also a progressing fitness of such part for such function."*

Nothing, it will be observed, is here said about the "progressing" subordination of all the parts to the whole, which he above all others has shown to be the characteristic mark of organic progress from lower to higher types of development. The singular thing is that he should introduce this principle in support of the statement made on the same page that with further progress "there may rightly go further relinquishment of functions which the State once discharged," whereas animal organisms progress through the gradual assumption by the supreme authority of the general direction of all the subordinate functions of the body.

Mr. Spencer escaped the consequences of his own doctrine in two ways. First, he early denied the strict analogy between society and an organism, laying special stress upon

* "Justice," p. 229.

the fact that *society* is a mere abstraction, and not a conscious individual, capable of feeling. In this he is, of course, literally speaking, right, and the corollary he freely draws that there is no object in working for the good of society conceived as a conscious being, but that society exists for the individual and not the individual for society, is eminently sound. Still it cannot be denied that a sort of consciousness can be properly predicated of that body of individuals whom society, by whatever method, appoints to preside over, control, and regulate its operations. In other words, *government*, which as Mr. Spencer admits always rudely represents society, changing with it and corresponding to it in character and quality, may be properly regarded as the supreme center of social consciousness, often feebly integrated, and little capable of directing affairs, but still the homologue of the developing brain of animal organisms. And it is further true that with the progress that has taken place in government, from the more autocratic and despotic to the more democratic and representative forms, the degree of integration has strengthened, so that in the apparently weak and flexible democracies of to-day there is really a far more firm and compact social state than in the stiff autocracies of former ages, when there were, so to speak, no nerve currents permeating society and keeping every part in communication with the great social center. So that the progress in social integration is substantially parallel with that which has gone on in organic life.

In the second place, Mr. Spencer has escaped the consequences of his doctrine by failing, purposely or otherwise, to recognize that the analogy holds good only in its psychic aspects. His comparisons are with purely physiological functions. He repeats his analogies with the organs of nutrition, circulation, respiration, and reproduction, but rarely mentions the nervous system in this connection. It is, however, here and here only that the analogy has force, and when followed out it points strongly toward a progressive

development of the social consciousness until there shall ultimately be reached a stage in which the supreme social center shall be in such firm and friendly relations with the lower centers and with the individual units of society that it can care for them in somewhat the same way that the sane mind guards the well-being and safety of the sound body. But Mr. Spencer was careful not to be led into any such train of logic as this, which would have been fatal to his early preconceptions as to the functions of the State, and as a consequence he proceeded to elaborate a social science based directly upon the laws of life, quite ignoring the great stage of psychic phenomena which intervenes between life and social action and becomes the chief determining factor of the latter.

As this is a somewhat serious charge it needs to be substantiated. It may be more definitely formulated by saying that Mr. Spencer's sociology and political, ethics rest upon *biology* and not upon *psychology*. If we seek a general term to express the fundamental principle that seems to underlie every statement of his works we shall perhaps find it in the word *self-adjustment*. With him everything that takes place properly is automatic. The following passage will serve as a sample of this biological ethics:

"This principle of self-adjustment within each individual, is parallel to that principle of self-adjustment by which the species as a whole keeps itself fitted to its environment. For by the better nutrition and greater power of propagation which come to members of the species that have faculties and consequent activities best adapted to the needs, joined with the lower sustentation of self and offspring which accompany less adapted faculties and activities, there is caused such special growth of the species as most conduces to its survival in face of surrounding conditions. This, then, is the law of sub-human justice, that each individual shall receive the benefits and the evils of its own nature and its consequent conduct."*

Or again :

"Since this connection between conduct and consequence is held to be just, it follows that throughout the animal kingdom what we call

* *Ibid.*, p. 9.

justice, is the ethical aspect of this biological law in virtue of which life in general has been maintained and has evolved into higher forms; and which therefore possesses the highest possible authority."*

The importance of this aspect of the question will justify one further quotation :

"The prosperity of a species is best subserved when among adults each experiences the good and evil results of his own nature and consequent conduct. In a gregarious species fulfillment of this need implies that the individuals shall not so interfere with one another as to prevent the receipt by each of the benefits which his actions naturally bring to him, or transfer to others the evils which his actions naturally bring. This, which is the ultimate law of species life as qualified by social conditions, it is the business of the social aggregate, or incorporated body of citizens, to maintain."†

In this passage it is made clear that the general self-adjusting law of nature is held to apply to society, and man is duly advised that nature is to be imitated. Other passages, however, put this much stronger :

"The broad fact then, here to be noted, is that Nature's modes of treatment inside the family-group and outside the family-group are diametrically opposed to one another; and that the intrusion of either mode into the sphere of the other, would be destructive either immediately or remotely. Does any one think that the like does not hold of the human species? He cannot deny that within the human family, as within any inferior family, it would be fatal to proportion benefits to merits. Can he assert that outside the family, among adults, there should not be, as throughout the animal world, a proportioning of benefits to merits? Will he contend that no mischief will result if the lowly endowed are enabled to thrive and multiply as much as, or more than, the highly endowed? . . . Society in its corporate capacity, cannot without immediate or remoter disaster interfere with the play of these opposed principles under which every species has reached such fitness for its mode of life as it possesses, and under which it maintains that fitness."‡

It is clear from this that Mr. Spencer is utterly blind to the most conspicuous fact in society, that under an unregulated or "competitive" *régime* there is very little relation

* *Ibid.*, p. 150.

† *Ibid.*, p. 213.

‡ "The Man *versus* the State," p. 361.

between "benefits" and "merits" or "fitness." It is partially to enforce such a correspondence that the state exists, and the essence of the idea of "justice," in the human sense, is the proportioning of benefits to merits, which "Nature's methods" do not secure. A typical example is the gradual substitution of trial by law for trial by battle, which formerly prevailed. In the complications of modern society "conduct" has little to do with this proportioning, and bad conduct is fully as successful as good. The "accident of position" is a much more potent factor. The State is now at work upon this difficult problem, still striving, as ever it has striven, to proportion benefits to merits, *i. e.*, to enforce justice against nature's methods. But let us hear Mr. Spencer further :

"Pervading all Nature we may see at work a stern discipline which is a little cruel that it may be very kind. That state of universal warfare maintained throughout the lower creation, to the great perplexity of many worthy people, is at bottom the most merciful provision which the circumstances admit of. It is much better that the ruminant animal, when deprived by age of the vigor which made its existence a pleasure, should be killed by some beast of prey, than that it should linger out a life made painful by infirmities, and eventually die of starvation. By the destruction of all such, not only is existence ended before it becomes burdensome, but room is made for a younger generation capable of the fullest enjoyment; and, moreover, out of the very act of substitution happiness is derived for a tribe of predatory creatures."*

No one, of course, objects to this phase of purely animal ethics for animals, but when prescribed for men, as in the following passage, the dose becomes excessive :

"A sad population of imbeciles would our schemers fill the world with, could their plans last. A sorry kind of human constitution would they make for us—a constitution continually going wrong, and needing to be set right again—a constitution ever tending to self-destruction. Why, the whole effort of Nature is to get rid of such—to clear the world of them, and make room for better. Mark how the diseased are dealt with. Consumptive patients, with lungs incompetent to perform the duties of lungs, people with digestive organs

* "Social Statics, Abridged and Revised," p. 149.

that will not take up enough nutriment, people with defective hearts which break down under effort, people with any constitutional flaw preventing due fulfillment of the conditions of life, are continually dying out, and leaving behind those fit for the climate, food, and habits to which they are born.”*

This last, and much more in the same vein, is said under the head of “Sanitary Supervision” by municipalities and other governing agencies, as an argument against it, and against all public acts arising out of sympathy for the unfortunate, which action, he declares, “defeats its own end. It favors the multiplication of those worst fitted for existence, and, by consequence, hinders the multiplication of those best fitted for existence—leaving, as it does, less room for them.”†

This doctrine, laid down in his “Social Statics” in 1850, he retains in the abridgment and reaffirms in his later writings. After quoting extensively from the early work and reapplying the doctrine of natural selection to society, he adds :

“And yet, strange to say, now that this truth is recognized by most cultivated people—now that the beneficent working of the survival of the fittest has been so impressed on them that, much more than people in past times, they might be expected to hesitate before neutralizing its action—now more than ever before in the history of the world, are they doing all they can to further survival of the unfittest !” ‡

These citations ought to satisfy the most incredulous that the political ethics of Herbert Spencer, as well as his sociology, rests directly upon biology and completely ignores the influence of both feeling and thought in rendering human conduct and social life a field distinct from that in which the irrational animal acts and lives. He carries his general principle through a great number of departments of social action, applying everywhere his law of equal freedom. He recognizes that society is the theatre of natural laws, but

* *Ibid.*, p. 205.

† *Ibid.*, p. 207.

‡ “The Man *versus* the State,” p. 365.

to him these are only the laws of life, or of the universe in general. He sees that the organic world is governed in much the same way as is the inorganic, the laws of cosmic evolution becoming those of natural selection and the survival of the fittest in the struggle for existence. In a word the law of nature is the law of force both above and below the level of vital activities. He sees no other law in society, and seems irritated and annoyed at any attempt on the part of society to "interfere" with this law. Like some religious partisans who declare the absolute indestructibility of their faith, while at the same time manifesting unconcealed concern for its safety, Spencer, while quoting the maxim, *jura naturæ sunt immutabilia*, betrays a lively apprehension lest something be done to change them, and defends them valiantly against the schemes of ignorant "meddlers" (this word with its derivatives probably occurs a hundred times in the two volumes).

The arch offender in this line is, of course, government, which to him is scarcely a natural product. While recognizing it as such in his cooler moments, his *animus* against it is so strong as to make him treat it as something apart from the general scheme of society, a sort of interloper or parasite, that has foisted itself upon society and is using it for its own ends. In his eyes government consists of a group of ill-disposed individuals, "politicians," who have in one way or another worked themselves into power, and whose object is to deprive the people of their liberty, property, or happiness. This is expressed in such passages as this:

" 'Thus much of your work shall be devoted, not to your own purposes, but to our purposes,' say the authorities to the citizens; and to whatever extent this is carried, to that extent the citizens become slaves of the government." *

Or, again:

"Public departments, all of them regimented after the militant fashion, all supported by taxes forcibly taken, and severally responsible

* "Justice," p. 223.

to their heads, mostly appointed for party reasons, are not immediately dependent for their means of living and growing on those whom they are designed to benefit. *

These utterances clearly show that in his mind there is no bond of mutuality between the government and the citizen ; that with him the former is an outside power working against the latter and for itself alone, and he declares that :

"Government, begotten of aggression and by aggression, ever continues to betray its original nature by its aggressiveness."†

As already remarked, what seems chiefly to trouble him is the attempt on the part of government to "interfere," "meddle" and "tamper" with the laws of nature, which he variously designates as "the normal working of things," "the constitution of things," "the order of Nature," "causal relations," etc., laying, of course, great stress on the law of supply and demand and the laws of trade and commerce in general. Whenever he speaks of the natural forces of society it is in this sense, for, adhering to the biological point of view, he can, of course, perceive no other social force than the struggle for existence, that is, the mere life-force. The true social forces are psychic and therefore ignored. Indeed, had he recognized them his entire course of reasoning would have been reversed, for they operate directly against the vital force, and tend to defeat the law of nature as manifested in the struggle for existence. He dimly perceives this, it is true, but mistakes the normal operations of the law of mind, antagonizing the law of life, for an abnormal element intruding upon the domain of natural law. If he could rise to a position from which he could see the whole field of both life and mind he would see that society is itself a product of the latter and could not result from the former. The same is true to an increased degree of government. It is the result of the "interference" of the psychic with the vital law. All human institutions are in the same case. Animals

* *Ibid.*, p. 231.

† "The Man *versus* the State," p. 359.

have no institutions. Looking deeper we perceive that it is this that characterizes all art. Everything artificial is a product of the psychic force and results from interference with "the constitution of things." "The normal working of things" would never produce tools, weapons, clothing, or shelter. It is the essence of invention and artificial construction to "meddle" with "causal relations." But all this is just as "natural" and "normal" as are the purely physical or vital processes. It simply takes place in a different department of natural forces. It is the psychic process, the work of mental agencies.

As has been intimated, Mr. Spencer recognizes the *efficacy* of these interferences with nature, as he is pleased to call them. He is right in denying that there is any power that can take from, or add to, the actual force in the universe. To a great degree, too, the organic force of the world is incapable of increase or diminution, and even that part of it that belongs to society is practically a fixed quantity. Only by commuting it into some other form of force can its volume be changed. But all this is beside the point. The interferences of which he complains are not attempts to create or destroy the forces of society. They are attempts to *direct* them. This is easily done. The arts are all the result of the intelligent direction of natural forces and the properties of substances into ways and shapes that are useful to man. In the domestication of animals and the cultivation of vegetables the same is done for the higher class of forces displayed by living things. Government and all other social institutions apply the same principles to the laws of human action. They are all successful in proportion to the degree of intelligence, *i. e.*, of the understanding of those forces and properties, with which they are conducted. Mr. Spencer would not discourage art, he would not decry agriculture, he does not attack any other human institution except government.

His reason for this seems to be that many of the acts of government have resulted in failure. This no one denies. But so have a large percentage of all other human schemes been failures. All social operations are primarily empirical. All have been products of multiplied experiments, and have attained success only after failure has taught wisdom. Not to speak of the abortive machines and worthless inventions that flood the patent offices of all countries, we need only to consider the business failures of modern times to see that the method of psychic progress is that of trial and error, at least in the earlier stages of every department of social life. If permitted to go on success is ultimately achieved and progress is made. It has been so in all the lower efforts, and it has been so in that highest effort, that of society to govern itself. Mr. Spencer's sociology, therefore, which would minimize government to the utmost, and even hints at its ultimate elimination, is an essentially destructive, and in no sense a constructive system. His political ethics which denies the right of society to adopt ways and means for its own improvement and advancement, is a censure of the whole course of human history.

A large part of the matter of the works now under consideration consists of enumerations of cases of governmental failure. Most of these cases are drawn from the history of European nations a century or more ago: the laws and ordinances interfering with trade and commerce, class legislation, sumptuary laws and laws fixing prices, wages, etc., mischievous and meddlesome legislation, laws that missed their purpose, produced unexpected effects, or the opposite effect from the one intended, laws that have had to be repealed, etc., etc. He has accumulated a mass of facts of this class that are highly interesting, often amusing, and certainly valuable as historical knowledge if not as guides to future lawmakers. But the fact that there is no longer any such legislation shows that these methods, however successful once, are not valued now and would not be

tolerated. The failures, in so far as they were such, have taught their lesson and served their purpose in the great school of political experience. His claim that there is danger of reverting to such methods is simply puerile. The cases that he adduces of more modern legislation are of a very different class, and while some of the acts he enumerates are doubtless unwise and short-sighted, and will be repealed, the general body of legislation that he condemns is not only approved but demanded by the moral sense of Europe and America. Such is the anti-child-labor legislation, short-hour legislation, factory legislation, sanitary legislation, appropriations for public works, regulation of railways, public management of the telegraph system, the parcels post, and above all public instruction or national education. All of these and many other measures, some of them long since adopted on the Continent, now popular in England or America or both, he condemns in the most unmeasured terms as mischievous and pernicious, and as contrary to his canon of justice, the law of equal freedom. If anything further were needed to prove that canon unsound this fact would do so: that it stands in the way of the accomplishment of an urgent social demand.

Aside from the one glaring omission of Mr. Spencer's system, already pointed out—the omission of the psychic factor—and aside from many minor ones which cannot be noticed here, there are two other important omissions which call for special mention. The first of these is the failure to perceive that modern governments are all, to a greater or less degree, representative, and that their acts are consequently not wholly those of the individuals that make up the governing body at any given time, but are in a certain correct sense the acts of society. He has himself admitted that all governments, even the rudest, reflect the state of society over which they hold sway. But in an enlightened social state, such as that of England, Western Europe, and the United States, there is a close bond of union between society and

the government. Whether they call themselves monarchies or republics, they are all in fact impure democracies, and the legislators and principal administrative officers are chosen by the people, or change with the changes in the popular voice. Such governments are controlled, after their selection as much as in their selection, by the wishes of their constituents. They are watched and warned and urged and petitioned, and their continuance depends upon their obedience. Rarely, indeed, do they dare to disobey the known will of the people. This being so, the anathemas of Herbert Spencer upon the *personnel* of government are misdirected. "The sins of legislators" are the sins of voters, and his plea should have been made to the wider tribunal. His counsel of "resistance"* is based on the assumption that the government is doing some great wrong, but those who are advised to resist are themselves the wrong-doers, and are not likely to resist their own acts. His denial of the right of majorities to legislate for minorities might be discussed in this connection, but it scarcely seems worth while to go over such well-beaten ground.

The second of the omissions under consideration is even more serious than the first. It is the failure to observe that the evils from which modern governments are called upon to protect society are of a very different nature from those with which the earlier governments of the world had to contend. A great change in the groundwork of society, due to various obscure causes working together during long periods, is always difficult to perceive, and the new evils thus insidiously introduced are hard to eradicate because they require the application of new and unaccustomed remedies. Such is the present state of society in the most advanced nations. Protection, which is the only governmental function that Mr. Spencer will recognize as legitimate, formerly meant the redress of private wrongs to person and property, chiefly through physical causes. Under autocratic governments

* "Social Statics, Abridged and Revised," p. 184.

with limited industrial operations these were the chief internal evils of society, except those caused by the rapacity of the governing class. Competition prevailed almost exclusively in all branches of business, causing its share of the individual crime which it was the duty of government to prevent or punish. But a great revolution took place in Western Europe, and the character of governments underwent a complete change, often without change of name. Power passed from the hands of the ruling class into those of the people, and the most intense jealousy of all government interference in private business became general. The laws of trade were respected by the State and were allowed to operate untrammelled. This was an immense relief, and an era of unexampled industrial prosperity ensued. Wealth was rapidly accumulated, but in this reign of natural law in society it was drawn toward the strongest centers of attraction. The only justice respected in the distribution of wealth was the kind that Mr. Spencer alone recognizes. Under this crude form of justice the distribution was correspondingly unequal. Then came the era of machinery and the breaking up of guilds and trades, unsettling the status of the artisan, and turning him adrift to take his chances in the universal competition. These facts are familiar to all economists and students of real history. The industrial condition of the world has completely changed. The evils to be dealt with now are of an entirely different class from those of former industrial epochs. States have recognized this, and whatever differences may exist as to methods, all governments have felt called upon to take some action for the protection of society from these new dangers. The workingman has a voice in government, and its acts are largely his doings. Mr. Spencer, often as he condemns the "great man theory" of history, seems not to have correctly read the real history of his own age. He still thinks that the natural forces of society can be safely left to take care of themselves. And when he sees the State moving steadily

forward and grappling one by one with these new evils, he sees in it the ghost of bygone despotism, and imagines a return to sumptuary laws, to the corn laws, and the *corvée*. He thinks the world gone mad, and works himself up into something like a frenzy. Because people will have public schools he cries out :

"We have fallen upon evil times, in which it has come to be an accepted doctrine that part of the responsibilities are to be discharged not by parents but by the public—a part which is gradually becoming a larger part and threatens to become the whole. Agitators and legislators have united in spreading a theory which, logically followed out, ends in the monstrous conclusion that it is for parents to beget children and for society to take care of them. The political ethics now in fashion makes the unhesitating assumption that while each man, as parent, is not responsible for the mental culture of his own offspring, he is, as citizen, along with other citizens, responsible for the mental culture of all other men's offspring! And this absurd doctrine has now become so well established that people raise their eyebrows in astonishment if you deny it. A self-evident falsehood has been transformed into a self-evident truth!" *

Because new countries will protect their infant industries, he lectures them in the following style :

"While the one party has habitually ignored, the other party has habitually failed to emphasize, the truth that this so-called protection always involves aggression ; and that the name aggressionist ought to be substituted for the name protectionist." †

To the Liberal Party in England, because it has continued the "mischievous legislation" begun by the Tory Party, he applies the name of "The New Toryism," and says :

"The function of Liberalism in the past was that of putting a limit to the powers of kings. The function of true Liberalism in the future will be that of putting a limit to the powers of Parliaments." ‡

In defence of his abstract principle of political ethics he thus arraigns the existing practices of States :

"By those who have been brought up in the reigning school of politics and morals, nothing less than scorn is shown for every doctrine

* "Principles of Ethics," vol. I. p. 545.

† "The Man *versus* the State," p. 359.

‡ *Ibid.*, p. 411.

which implies restraint on the doings of immediate expediency or what appears to be such. Along with avowed contempt for 'abstract principles' and generalizations, there goes unlimited faith in a motley assemblage of nominees of caucuses, ruled by ignorant and fanatical wire-pullers; and it is thought intolerable that its judgments should be in any way subordinated by deductions from ethical truths." *

Although Mr. Spencer occasionally manifests some faith in the ultimate triumph of what he considers sound principles, his latest works, upon the whole, are pervaded by a tone of despair, and sound more like the wail of a Tacitus over a crumbling empire than the firm voice of a philosopher who is making an epoch. He calls everything that he does not approve of "socialism," at the spread of which he is thoroughly alarmed. In one of the foot-notes to the revised "Social Statics" (p. 209), he says:

"At that time no one dreamed that the advance of Socialism would be so rapid that in forty years municipal governments would make rate-payers pay part of the rents of working-class houses; for this is what is done when by public funds they are supplied with better houses than they would otherwise have."

And in the preface to "The Man *versus* the State," referring to a prediction made in 1860, he indulges in the following jeremiad:

"Reduced to its simplest expression, the thesis maintained was that, unless due precautions were taken, increase of freedom in form would be followed by decrease of freedom in fact. Nothing has occurred to alter the belief I then expressed. The drift of legislation since that time has been of the kind anticipated. Dictatorial measures, rapidly multiplied, have tended continually to narrow the liberties of individuals; and have done this in a double way. Regulations have been made in yearly-growing numbers, restraining the citizen in directions where his actions were previously unchecked, and compelling actions which previously he might perform or not as he liked; and at the same time heavier public burdens, chiefly local, have further restricted his freedom, by lessening that portion of his earnings which he can spend as he pleases, and augmenting the portion taken from him to be spent as public agents please. The causes of these foretold effects, then in operation, continue in operation—are, indeed, likely to be strengthened."

* "Justice," p. 49.

In his "Coming Slavery" he completes this dire picture in a way that even Edward Bellamy ought to be satisfied with:

"Already exclusive letter-carrier, exclusive transmitter of telegrams, and on the way to become exclusive carrier of parcels, the State will not only be exclusive carrier of passengers, goods, and minerals, but will add to its present various trades many other trades. Even now, besides erecting its naval and military establishments and building harbors, docks, breakwaters, etc., it does the work of ship-builder, cannon-founder, small-arms maker, manufacturer of ammunition, army-clothier and boot-maker; and when the railways have been appropriated 'with or without compensation,' as the Democratic Federationists say, it will have to become locomotive-engine-builder, carriage-maker, tarpaulin and grease manufacturer, passenger-vessel owner, coal-miner, stone-quarrier, omnibus proprietor, etc. Meanwhile its local lieutenants, the municipal governments, already in many places suppliers of water, gas-makers, owners and workers of tramways, proprietors of baths, will doubtless have undertaken various other businesses. And when the State, directly or by proxy, has thus come into possession of, or has established, numerous concerns for wholesale production and for wholesale distribution, there will be good precedents for extending its function to retail distribution: following such an example, say, as is offered by the French Government, which has long been a retail tobacconist."*

Finally, in his "Postscript" to this same work, he abandons hope in the following language:

"Do I expect this doctrine to meet with any considerable acceptance? I wish I could say, yes; but unhappily various reasons oblige me to conclude that only here and there a solitary citizen may have his political creed modified."

And no wonder, when we consider what the adoption of his "political creed" would involve. Not only would it involve the repeal of all the humane and industrial legislation to which reference has been made, but it would abolish all public works, including lighthouses and harbors; it would necessitate a return to a private postal system which the whole world has outgrown; would reëstablish the monopoly telegraph in those countries which have replaced it

* "The Man *versus* the State," p. 327.

by a national telegraph, always found to possess advantages similar to those of a national mail system ; the parcels post of England and equivalent systems of the Continent would give way to our express monopolies, which Mr. Spencer extols because he does not understand them ; it would turn over cities to private water companies and private fire companies, both types of the "natural monopoly ;" there would be a reversion to a system of strictly private, or "wildcat" banking ; public schools would be abolished, probably the last thing next to liberty that any enlightened nation would surrender ; and all forms of sanitary regulation, including quarantine precautions against great epidemics, would be left to the wisdom of individual citizens. As this last seems to cap the climax of *laissez faire* absurdity, it may be well to listen to his statement of the case, although the reader may require to be assured that the following passage is not intended as a burlesque :

"Respecting sewage there would be no difficulty. Houses might readily be drained on the same mercantile principle that they are now supplied with water. It is probable that in the hands of a private company, the resulting manure would not only pay the cost of collection, but would yield a considerable profit. But if not, the return on the invested capital would be made up by charges to those whose houses were drained: the alternative of having their connections with the main sewer stopped, being as good a security for payment as the analogous ones possessed by water and gas companies."*

According to Mr. Spencer's political ethics the State has no right to prevent the adulteration of food or the deterioration of fabrics, and he says that "the interest of the consumer is not only an efficient guarantee for the goodness of the things consumed, but the best guarantee."†

The process known as "cornering the market" is strongly approved by him as the natural method of regulating the supply. Of it he says :

"There still survives alike amongst rich and poor the belief that the speculations of corn-dealers are injurious to the public. Their anger

* "Social Statics, Abridged and Revised," p. 218.

† *Ibid.*, p. 163.

blinds them to the fact that were not the price raised immediately after a deficient harvest, by the purchases of these large factors, there would be nothing to prevent the people from consuming food at their ordinary rate; which would end in the inadequate supply being eaten up long before the ripening of the next crop. They do not perceive that this mercantile operation is analogous in its effect to putting the crew of a vessel on diminished rations when the stock of provisions is found insufficient to last out the voyage."*

The person who performs the office of mediator in this operation, and, he forgets to say, also reaps the profits, "is simply one whose function it is to equalize the supply of a commodity by checking unduly rapid consumption."†

He has the most unbounded faith in the "contract," and considers all modern society to rest upon that. Whatever two persons agree to, he considers as *ipso facto* just; but, as a matter of fact, all contracts under a monopolistic *régime* are unequal in varying degrees. Competing labor is everywhere compelled to contract on unequal terms with combining capital, and no power short of that of society itself, *i. e.*, the State, can prevent this condition of things. The strongest argument the socialist has for the State's undertaking industrial enterprises is that it is the only employer that can compete with private capital in compelling just and equitable contracts.

But there is a still more serious charge against the political ethics of Herbert Spencer. "In a popularly governed nation," he says, "the government is simply a committee of management;"‡ yet he denies to that "committee of management" the right to manage the business of society. This would be a singular state of things in any corporate enterprise conducted by business men. And why, forsooth, has not that great corporation, society, the same right to choose its directors and instruct them to manage its business that smaller corporations have?

* *Ibid.*, p. 104.

† "The Man *versus* the State," p. 339.

‡ "Ibid.," p. 410.

In dealing with Mr. Spencer's works on the plan here adopted, a reviewer is necessarily open to the charge that important omissions have been made, and that counter passages might be selected to offset many of those that have been quoted. This is freely admitted, and it is only claimed that such a review correctly represents the general tone and tenor of the treatment by the author. Large subjects are, of course, necessarily left untouched, being beyond its scope, which does not claim to be general. It therefore remains to be confessed that not only is there much in these volumes which is sound, important, and deeply philosophical, but that they also contain many passages, which, singled out, would seem to reverse the general conclusions at which the author arrives. His numerous admissions of the necessity, value, power and progress of government,* taken in connection with his denunciations of it, amount to a positive inconsistency, and mutually weaken each other, tending to leave the merely inquiring reader in a state of doubt and confusion. But all this is independent of his unintentional admissions of the efficacy of government, involved in his arraignment of legislators for meddling and tampering with the indestructible and unchangeable laws of nature. These are simply cases of bad logic, and may be fittingly called boomerang arguments. The following will serve as an example :

"If the political meddler could be induced to contemplate the essential meaning of his plan, he would be paralyzed by the sense of his own temerity. He proposes to suspend, in some way or degree, that process by which all life has been evolved."†

And he goes on fairly to admit that this great natural process can be suspended by such an unscrupulous person, and to manifest great concern lest it actually be done. But he never asks the question why, if legislative interferences can accomplish such wonders for evil they might not occasionally

* See the "Principles of Ethics," vol. i. p. 294; "Social Statics, Abridged and Revised," pp. 117, 246-47; "The Man *versus* the State," pp. 394, 406, 415.

† "Justice," pp. 259-60.

accomplish some good. He says that "natural causation has been traversed by artificial hindrances,"* but never mentions the innumerable cases in which artificial causation has "traversed" natural hindrances, as is done every time a river is made navigable by dredging its channel, the "causation" being usually in the form of "an appropriation." His admissions show how he inwardly recognizes that government has accomplished the greatest good by rendering social progress possible. Why not, then, include governments among the things to be "let alone."

But his inconsistencies do not stop here. He goes to the absurd length of maintaining that one of the chief duties of government is to mould and modify character. He says:

"There is indeed one faculty, or rather combination of faculties, for whose short-comings the State, as far as in it lies, may advantageously compensate—that, namely, by which society is made possible. It is clear that any being whose constitution is to be moulded into fitness for new conditions of existence, must be placed under those conditions. This granted, it follows that as man has been, and is still, deficient in those feelings which prevent the recurring antagonisms of individuals and their consequent disunion, some artificial agency is required by which their union may be maintained. Only by the process of adaptation itself, can be produced that character which makes social equilibrium spontaneous. And hence, while this process is going on, an instrumentality must be employed, firstly, to bind men into the social state, and secondly, to check all conduct endangering the existence of that state. Such an instrumentality we have in a government." †

In another place he says that "the end which the statesman should keep in view as higher than all other ends is the formation of character." ‡

And again:

"It should be inferred that among social causes, those initiated by legislation, similarly operating with an average regularity, must not only change men's actions, but, by consequence, change their natures." §

* "The Man *versus* the State," p. 343.

† "Social Statics, Abridged and Revised," pp. 126-27.

‡ "Justice," p. 251.

§ "The Man *versus* the State," pp. 355-56.

This is claiming far more for legislation than the most sanguine socialist would admit. It may be justly argued, is, in fact, abundantly proved in practice, that a thorough system of public instruction exerts an immense influence upon the character of a people. It may also be regarded as proved that the social effect of protection in new countries with undeveloped resources is civilizing and elevating in diversifying industry and creating centers of population and culture. But these instrumentalities and all others that tend indirectly to modify character, are condemned by Mr. Spencer; yet he seems to think that a race may be morally transformed by government in merely preventing the individual members from cheating and assaulting one another. Such faith far exceeds that of the firmest believer in "the great political superstition."

Along with the growing impatience at the supposed wayward course of mankind, there is also perceptible, in comparing Spencer's earlier with his later writings, a gradual dying out of his warmer and more sympathetic impulses, which at the beginning of his career, made him the friend of all who suffered from the effects of an imperfect social state.* This is especially noticeable in his attitude toward the working classes, often forced out of employment by the agencies above enumerated. Latterly we find him making the common assumption of unthinking optimists that poverty, idleness, etc., are the necessary results of personal defects, and characterizing the unemployed as "simply good-for-nothings."† Trades unions are said to "carry on a kind of industrial war in defence of workers' interests *versus* employers' interests,"‡ and to embrace "a permanent body of tramps, who ramble from union to union."§ His idea of "worth" never rises above the mere animal attribute of fitness to survive, and he defends the law of equal freedom on

* Compare "Social Statics, Abridged and Revised," p. 97 ff.

† "The Man *versus* the State," p. 303.

‡ *Ibid.*, p. 328.

§ *Ibid.*, p. 304.

the ground that "there is maintained the vital principle of social progress; inasmuch as, under such conditions, the individuals of most worth will prosper and multiply more than those of less worth."* His growing aristocratic leanings are further revealed in allusions to "the not-very-wise representatives of electors who are mostly ignorant,"† and to the rule being exercised "not so much by the collective wisdom as by the collective folly,"‡ and when he says "not only that these unguided judgments are very likely to be wrong, but also that there must exist some guidance by which correct judgments may be reached,"§ it becomes clear that the "guidance" referred to can be none other than the political ethics of Herbert Spencer.

Notwithstanding the vulnerable character of so large a part of Mr. Spencer's reasoning, he argues with such an air of confidence that only critical readers are likely to suspect the *ex parte* nature of his statements. The following example reminds one strongly of the oracular responses from Delphi, and may be commended to him as quite as likely to apply to his own opinions as to the opinions of others :

"Men of the past quite misunderstood the institutions they lived under. They pertinaciously adhered to the most vicious principles, and were bitter in their opposition to right ones, at the dictates of their attachments and antipathies. So difficult is it for man to emancipate himself from the invisible fetters which habit and education cast over his intellect; and so palpable is the consequent incompetency of a people to judge rightly of itself and its deeds or opinions, that the fact has been embodied in the aphorism—'No age can write its own history.' If we act wisely, we shall assume that the reasonings of modern society are subject to the like disturbing influences. We shall conclude that, even now, as in times gone by, opinion is but the counterpart of condition. We shall suspect that many of those convictions which seem the results of dispassionate thinking, have been nurtured in us by circumstances. We shall confess that, as heretofore, fanatical opposition to this doctrine and bigoted adhesion to that, have been no

* *Ibid.*, p. 409.

† "Justice," p. 257.

‡ *Ibid.*, p. 217.

§ *Ibid.*, p. 238.

tests of the truth or falsity of the said doctrines; so neither is the strength of attachment nor dislike which a nation now exhibits toward certain principles, any proof of their correctness or their fallacy."*

Upon the whole, it may be considered as in the highest degree unfortunate and discouraging that almost the first prominent system of sociology, as distinct from political economy, should proceed from so low and so narrow a standpoint as virtually to constitute a protest against all attempts to deal scientifically with the subject. It is simply a wet blanket on the enthusiasm of all who would follow social science. It throws over it the dismal pall that fell on political economy, and it stamps it with the words: No future! If this is all that Herbert Spencer can make of it, what can lesser lights hope to accomplish?

It is simply astonishing that the great exponent of the law of evolution in all other departments should so signally fail to grasp that law in this highest department. And it furnishes a curious parallel that, just as he failed to perceive the fundamental difference between cosmic and organic evolution, and the coöperation in the latter of the radiant with the gravitant forces † in the production of the phenomena of life, so he has likewise failed to perceive the equally fundamental difference between vital and psychic evolution, in the latter of which the power of feeling under the direction of thought has furnished to the evolutionary process an entirely new dispensation. In seeking to bring all the products of evolution—worlds, plants, animals, man, society—under one uniform law, adequate only to the lowest, and ignoring the new and powerful principles that came forward at the several successive cosmical epochs, he has dwarfed the later of these into relative insignificance, and instead of carrying his system up symmetrically and crowning it with the science of man, he has tapered it off and flattened it out at the summit, degrading that noblest department to the level of political controversy

* "Social Statics Abridged and Revised," pp. 80-81.

† *Popular Science Monthly*, vol. xi., October, 1877.

and wholesale personal censure. The name of "administrative nihilism," by which Professor Huxley long ago so happily characterized this, is likely to abide, and the extreme *noli tangere* individualism with which the entire social philosophy of Herbert Spencer is permeated, must, in spite of all disclaimers,* impart to it the character of a gospel of inaction.

LESTER F. WARD.

Washington.

* "The Man *versus* the State," p. 418.

LA SCIENCE SOCIALE.

THE FRENCH SCHOOL OF SOCIAL SCIENCE.

The editors of the *ANNALS* have asked me to indicate the cause of the division that took place seven years ago in the school founded by Le Play. I willingly respond to this request, not that I may have opportunity to rehearse the painful incidents connected with the history of the case, but that I may give to the American public, interested in social studies, a clear and exact idea of the way in which we are continuing in the *Science Sociale* the task which was undertaken by Le Play. I shall put aside, then, all personal questions, and confine myself to the grounds of the division which took place, to the underlying causes which determined it, and not to the circumstances which occasioned it.

The school founded by Le Play has always had two classes of adherents. One class adhered to the truths advanced by the master and zealously used all the means in their power to spread the doctrine. The others, struck by the results to which Le Play had been led by the method of scientific observation which he employed, were, above all, attracted by this method: they wished to master it, to advance it, if possible, to perfect it.

The first regarded Le Play as a deliverer. After the disasters of 1870 every Frenchman looked for a man who should indicate the line of policy which, followed out, would uplift France. Le Play was one of these deliverers; and many at that time grouped themselves about him under the standard of the *Réform Sociale*.

The second looked upon Le Play as a scholar, capable not only of recognizing great general truths through scientific observation, but also of discovering by the same means those contingent truths which are necessary to any given society;

capable, not simply of giving valuable counsel in the matter of reform, but also of formulating those laws which lie at the foundation of all human societies.

The first saw in Le Play a fortunate navigator on the social seas, who had found a new route to certain truths. The second held that the means thus used to select the course would serve to determine other courses as well; that it was much more rational to study thoroughly his methods, to learn to use his compass, and to take his reckonings, than to follow submissively in the track which he had laid down.

The first confined themselves to a sort of monopoly, after the manner of those Portuguese of the fifteenth century who exulted in having discovered the Azores and the route to the Cape. The second contemplated new voyages.

The reconciliation of these two different tendencies would not have been impossible, and one might easily imagine the two classes of disciples living in harmony, the first propagating those truths which the second strove to discover through scientific investigation.

So long as Le Play lived there was accord and mutual support between the representatives of the two classes; but a short time after the founder's death, those who limited themselves to spreading the conclusions to which Le Play had arrived, saw with dismay, that disciples had gone so far as to employ the method of observation, and daringly advance propositions reached thereby which were not to be found in the master's writings. They looked upon these propositions as dangerous, they had grave fears for the doctrine itself, and thereupon the direction of the review which was the organ of the Unions for Social Peace and of the Society of Social Economy (*Unions de la Paix Sociale* and the *Société d'Économie Sociale*) was taken from M. Edmond Demolins, who had been selected by Le Play himself. It was then that the "young school," as its adversaries called it, established a new review (*La Science Sociale*), and independent public lectures, that it might maintain freedom in its instruction.

To-day, after many years of laborious life, the "young school" is able to justify its existence, not only by its aspirations, but by its results, simply by showing what development it has given to the scientific method originated by Le Play. I hope that I may give my readers an adequate idea of the *raison d'être* of this school.

LE PLAY'S METHOD OF OBSERVATION.

Le Play's work consists of two divisions which are of very different tenor.

The first contains the various monographs published in the "Workingmen of Europe" (*Ouvriers Européens*). Here we find elements of observation analyzed with great care and classified with mathematical precision. The collection of these works received from the Academy of Sciences a prize in statistics; a large portion of the text is devoted to the budgets of the workingman's family. This is the basis of the work: it is with the material gathered from this long series of observations that Le Play carefully built up his system.

The second division he devotes to expounding and popularizing his views. Having succeeded in deriving a body of social doctrines from his observations, he directs all his efforts to an exposition of those doctrines in a form accessible to the general public. It was with this end in view that he published "Social Reform in France" (*La Réforme Sociale en France*), "The Organization of Labor" (*L'Organisation du Travail*), "The Organization of the Family" (*L'Organisation de la Famille*), "The Essential Constitution of Humanity" (*La Constitution essentielle de l'Humanité*), in short, a series of propagandist pamphlets which should bring to an ever increasing public the knowledge of those truths which are most needful to be put into practice, that reform may be hastened.

Between these two species of work, that of observation and that of exposition, there exists a close relation, since the

second is the result of the first, but this intimate connection was not recognized by the public. Those who contented themselves with reading "The Social Reform in France" considered it the expression of a profound philosophy; they accepted the conclusions which it advanced, or rejected them according to their own individual ideas; but it did not occur to them that a scientific result had been placed before them. Hence the false judgment which was formed of Le Play by many of his friends. Many followed him for the simple reason that he set forth certain cherished ideas of their own; they disregarded all others that he advanced, but they held that in the main it was desirable to disseminate the doctrine. I have myself known a magistrate, thoroughly imbued with the principles of our civil code to declare himself an ardent disciple of Le Play, although he differed from him fundamentally on the question of the system of inheritance, being convinced of the justice of enforced division. Others admitted testamentary liberty, but rejected the conclusions advanced in "Social Reform" in regard to the functions of the central government, etc. In short, they discussed doctrines instead of considering scientific results.

It would not have been half so unfortunate, if the scientific connection between conclusions and observations had been overlooked by those disciples only who were indifferent to method and curious only in regard to doctrine. Unfortunately it did not appear very clear to those who attempted to acquaint themselves thoroughly with the method, to those who were enrolled in the Society of Social Economy with the intention of continuing the studies of Le Play. It was no easy matter to follow in detail the scientific process by which Le Play had developed his doctrine from the basis of observation which he had analyzed.

Two causes contributed to this result:

The first, that the life of Le Play was absorbed in solitary study and that he must naturally have found for himself a method of work long before he thought of imparting it to

others. For more than twenty years his constant efforts to learn the secret of the life of society were sustained by his desire to know the truths necessary to the preservation of his own country : when he saw clearly the conditions of reform in France, he gave his chief attention to their exposition and the scientific regard for method was thrown into the background.

The second cause lay in the manner in which Le Play pursued his social studies. At first he sought to observe systems of society directly, as a whole ; but he soon saw that this method furnished much too vague results. After many gropings and fruitless attempts, to which he has himself made allusion in the first volume of the "Workingmen of Europe," he laid the true foundation of the method of social observation by determining the object of this observation, viz., the workingman's family. This was a real discovery. From that time social science was assured of its starting-point : its real existence began.

For Le Play personally it was still more. All his previous studies, confused until he adjusted them to the standard of the workingman's family, took on now their true value ; apparent contradictions disappeared ; obscure points became clear. In fact, after Le Play had laid hold of the real object of his observations he could immediately make use of the materials already analyzed, and begin the publication of his monographs on the family.

Between the founder of social science and those who were later to continue the work there was necessarily a considerable difference of preparation, which measures with sufficient clearness the difference in the results obtained. The former, dominated for many years by an ardent desire to understand the constitution of societies, could not set aside the important points of social organization which appeared beyond the limits of the workingman's family. In the countries which he had studied Le Play had an exact idea not only of the life in the workshops and of the customs of

the people, but also of the higher classes, of their influence in the commune, in the province, in the State ; not only of the material life, but of the intellectual and moral life, of the history of the society, of its rank in the world, etc. It was in order to see clearly into all these problems that he gave himself with enthusiasm to the study of the workingman's family. On the contrary, those of his disciples who, following his example, filled out the different divisions composing the outline of a monograph, were not guided, as he was, by a higher view ; frequently they remained on the low plane of an official report ; and if their observations could furnish Le Play valuable data, it often happened that they themselves were not fitted to profit by the information they had collected. Many, after having conscientiously gathered a great number of facts, were overwhelmed by them ; and although they completed their task, they did not advance science by a single step. I could name a certain scrupulous monographist who wrote and published a detailed study, and who declared openly that he believed that he had not done scientific work. The method of monographs seemed to him simply a tyranny which was to be endured out of respect to the master whose conclusions he adopted and whose doctrine he proposed to disseminate. Hence it happened that the Society of Social Economy, destined by Le Play to forward the studies which he had undertaken, was recruited by well-meaning men, who were disposed to strengthen by repeated observations the statements already made, rather than by men of science, who were desirous of showing through the development of method, new relations between varied social phenomena. In fact, it does not appear that the monographs published since the death of Le Play have enlarged the field of social science. It is an instrument which Le Play alone knew how to use, in order to pass from the workingman's family to society, from observation to a general view.

Further, the following grave defect is noticeable in the plan of the monographs : The outline comprises sixteen

divisions in which are contained the various elements of observation relative to the workingman's family. This is the invariable and essential part; there follows a second series of divisions which are without definite object and unlimited in number, and which give opportunity for adding all observations outside of the family, all that may lead to a knowledge of society. These are all placed under the vague title: *Important facts of social organization. Remarkable peculiarities. General estimates, Conclusions.* The title is in itself an admission of weakness. The scholar does not know how to classify these "important facts of social organization," or what to do with these "estimates." Because the investigator ran across them in the course of his study, and found them interesting, he added them to his work that they might not be lost, that is the whole story. As a matter of fact the method furnished by Le Play for the analysis of society could touch only the family; it leaves the study of the other social element to chance, and to the perspicacity of the individual.

This accounts for a fact frequently noted by all those who have thoroughly studied the monographs published in the collection of the "Workingmen of Europe" and the "Workingmen of the Two Worlds" (*Les Ouvriers des Deux Mondes*). I refer to the surprising inequality of the monographs, in the paragraphs devoted to the elements of observation which are outside of the workingman's family.

In the monographs written, either entirely or partially, by Le Play, these paragraphs furnish almost always very abundant and important data. Le Play saw by a process peculiar to himself what was worthy of note, what was characteristic of the society in question, what really constituted an important fact of social organization. We cite from the monograph on the "Bashkirs of the Ural," paragraph 18, on the nomads of Eastern Russia; from the "Peasants of Bousrah," paragraphs 17-21, on the régime of the community of Haouran; from "The Gunsmith of Solingen,"

paragraph 17, on the social constitution of the Anglo-Saxons, and paragraph 49, on the system of emigration of Westphalia; from "The Blacksmith of Buskerud," paragraph 17, on the social constitution of Norway; from "The Slovach Foundrymen," paragraphs 21 and 22, where there is to be found a curious study of South Slavic peoples, etc., etc. Many of the notes attached to the monographs on the "Workingmen of Europe" have evidently inspired the later writings of Le Play and have guided him in his work, while his disciples have often drawn their data from the same source.

On the contrary, in the writings of certain monographists who lack intuition, these paragraphs devoted to *important facts of social organization* frequently contain observations which are puerile or of a limited and special interest. I have no desire to give pain to any of the well-intentioned who have written on this subject, and I shall make no quotations; those of my readers who wish to see for themselves have only to refer to the collection of the "Workingmen of the Two Worlds." By the side of significant facts they will find insignificant details which throw no light on the subject observed, and seem to indicate that the monographist has failed to comprehend his work.

Such is one of the defects of the monographic method as Le Play presented it. It did not grasp society as a whole; it allowed facts of great importance to escape, so that a conscientious disciple could perform his task with exactness and follow with care every precept and yet fail to see the underlying causes of the prosperity or the wretchedness of the country where his observations were made.

But in the monographic system as instituted by Le Play there is another grave defect. Not only is the system incapable of dealing with the family in its relation to the elements of social organization which are outside it, but it cannot fully comprehend the family itself in its own organism. In reality it deals only with phenomena which can be expressed in

dollars and cents. The monograph proper consists, as Le Play himself says, in the description of the family contained in the domestic budget,* and indeed it was under this form of simple budgets that Le Play's collection of monographs appeared in the first edition of the "Workingmen of Europe." Later, in publishing the second edition, Le Play thought it necessary to add to these budgets certain observations which would emphasize the conclusions which were in substance found in the text, but it was as a commentary or as explanatory notes, intended to facilitate the understanding of the budgets themselves. Observe, furthermore, how he expresses himself on this subject in the first volume of the second edition of the "Workingmen of Europe:" "One cannot, however, without too great brevity condense the description of a family into the list of its receipts and its expenses. Frequently, as I have said, a figure suffices to suggest an important conclusion to readers who are inclined to reflection; but this disposition of mind is by no means universal."† It is, then, simply a question of calling the attention of those who are not accustomed to reflect to the conclusions which are drawn from the budget; but it is the budget alone which is the basis of the work, the true groundwork of observation.

In restricting thus the field of his investigation, Le Play followed a habit of thought which he had contracted during his professional studies. He wished to subject the results of observation to the laws of mathematical science. The balance between the budget of receipts and the estimate of expenses seemed to him a means of verifying the data of the analysis, of verifying them numerically. He was carried away by this numerical verification, and hence he was led to neglect those phenomena which, because they could not be expressed in figures, would not accommodate themselves to his verification. And besides he himself has taken care to tell us by what false analogy he was guided: "The surest

* "*Ouvriers Européens*," Second Edition, vol. i., p. 228.

† *Ibid.* Vol. i., p. 226.

means of knowing thoroughly the moral and the material life of men is much like the process which chemists use to learn the nature of minerals. A given mineral is known when by analysis it has been separated into the elements of which it is composed, and when it is found that the combined weight of all these elements is equal to that of the specimen that has been analyzed. A numerical verification of a similar nature may always be made by the scholar who analyzes carefully the existence of the social unit constituted by the family." * According to this analogy he held that "all the acts which constitute the life of a workingman's family result more or less directly in an income or an outlay," and he concludes from this that the "observer possesses a complete knowledge of a family when he has analyzed all the items which are found on the debit and the credit side of the domestic accounts, and when he has obtained an exact correspondence between the two totals." †

There is here a considerable error, or rather a series of errors. In the first place, it is not true that all the acts which constitute the life of a family result *always*, even indirectly, in an income or in an outlay. For instance, the essential function of the family, the education of the children, cannot be expressed in figures. I notice that this item nowhere appears in the budgets given by Le Play. There is indeed one section (Section IV) which is set aside for *outlays for moral necessities, recreation and the demands of health*; but the moral necessities are subdivided under three distinct heads: religious worship, instruction of children, and charities. Of education no mention whatever is made: it is shown by a multitude of facts which could not be found in a budget. Nor is there anything there concerning the history of the family and its origin. Le Play devotes a special paragraph of the explanatory text to this most important subject; but in reality this portion of the text fails to explain the budget;

* *Ibid.* Vol. I., p. 224.

† *Ibid.* Vol. I., p. 225.

it is rather appended to it. Here was a defect which he wished to conceal. What becomes then of the above-mentioned statement that the budget is to be the key to the situation? Besides, in the budget there is no indication of testamentary disposition of property, to which Le Play attached so much importance, nor does it deal with many points in family organization, with the relation of the employer to the employed, etc.

In the second place, if it is true that many acts of the life of the family result in a receipt or a disbursement, it is to be noticed that in case of certain acts this result is very indirect, and that the receipt or the expenditure which they occasion is in no way a measure of their importance. I open the first monograph in the collection of the "Workingmen of Europe," that on the Bashkirs, semi-nomadic shepherds of the Ural; I note that the instruction of the children costs sixty-three centimes per year, or on a basis of three children in a family, twenty-one centimes per capita; while the sum total of the family expense amounts to 643 francs, 36 centimes.* If I rely on the budget, I conclude that the instruction is nearly nil and of very little importance. But on consulting the explanatory text we find: "All the children receive elementary instruction in a school under the supervision of the Moullah. The desire for instruction is increasing continually."† Further on, "The Moullah teaches gratuitously; this is part of his duties."‡ Evidently the fact is not presented in the same light in the columns of the budget and in the text. Again, the ragpicker of Paris§ spends not a penny in the name of religion; but he is represented to us as professing the Roman Catholic faith and deeply imbued with religious sentiment. He supports, with resignation, a none too fortunate lot; he thanks God every day for having given

* *Ibid.* Vol. ii., p. 27.

† *Ibid.* Vol. ii., p. 4.

‡ *Ibid.* Vol. ii., p. 39.

§ *Ibid.* Vol. vi., pp. 259, 269 and 278.

him the necessities of life, and trusts to His care for the days that are to come. He likes to read with his family the Bible, or the other religious books which make his little library. Moreover, he has been a good and faithful soldier to His Holiness, the Pope. The zeros that figure in his expense account in connection with his religious life are no evidence in the eyes of the world of his religious practices.

One might multiply examples. Those that I have given will suffice to show what I mean. In fact, the instruction account shows only the schoolmaster's salary or the cost of school equipments; it fails to record the instruction received in the family, the lessons learned from the father and the mother, and all that intellectual cultivation which is dependent on circumstances and environment, and which separates so widely the child raised on the seacoast, among fishermen and sailors, from the one raised in the interior of the country, among farmers or shepherds; which makes the child brought up in the country different from the one educated in the city, etc., etc. All this has to do with a very important sort of knowledge. In several of his writings Le Play has made prominent the very considerable force of the training received outside of the school-house. In rehearsing the story of his own childhood and youth, he has been careful to tell us what he himself acquired, first from his association with the fishermen of Honfleur, and later from his intercourse with his uncle's friends at Paris.*

Besides, in the matter of religion, which is essentially a matter of conviction, the budget shows only the exterior manifestations of worship, the purchase of tapers, the location of benches and chairs, and the expenses of burial. Are the amounts expended for these various objects the measure of that which attaches families to religion? Certainly not. To look thus at religion is to look at it from a very insignificant point of view.

* *Ibid.* Vol. I., pp. 17, 18, 20-24.

In the third place, even in dealing with facts that are purely material, the budget never gives more than one of the elements which should enter into a proper appreciation of them, that is the money value. The others are overlooked, because they do not admit of numerical verification when the accounts are balanced. It follows, then, that the investigation of the budget, no matter how painstaking it be, must give imperfect results. It is not enough to have learned that a workingman's family has 2000 francs in real estate, 3750 francs, fifty centimes in chattels; unless we are real estate agents or auctioneers interested solely in the selling price of real and personal property. He who makes a study of a family should know in what its property consists, its mode of acquirement and of disposition, etc.; whether it be inherited, or the product of the husband's thrift, or the dowry of the wife, all which points cannot enter into an estimate of money value.

It is quite another thing when the observations are made in countries where the ownership of land does not exist. Then not only the money value is not all, but it is nothing. I read in the monograph on the Bashkirs that the family has a small meadow estimated at eleven francs, forty-two centimes, a large meadow valued at eighty-five francs, sixty-five centimes, a kitchen garden worth twenty francs, fifty-six centimes, a hemp and flax field valued at twenty-eight francs, fifty-five centimes. Total, 146 francs, eighteen centimes.* Just after this exact estimate I find the following note: "The meadows and the fields which each family cultivates are assigned to it as its own peculiar appropriation for a period of only fifteen years; afterward the municipal authorities proceed to a new distribution." In other words, the land is not sold, it is divided periodically. What, then, is the true value to a family of a meadow estimated at eleven francs, forty-two centimes?

The result of these various considerations is clearly that the study of the workingman's family, as well as the study

* *Ibid.* Vol. ii, p. 8.

of society, cannot be restricted to the narrow limits of the domestic budget. M. de Tourville, impressed at once by the fruitfulness of Le Play's monographic observations, and by the imperfections of his methods, and observing, too, that he had recorded very many important facts which were unquestionably beyond the limits that he had established as a basis for his conclusions, attempted to co-ordinate the various orders of social facts, to discover their more intimate relations, and to secure by this means a plan of analysis, a classification which should serve as a guide for the researches of monographists. It was a question, in short, of remedying the two defects which I have noted, of comprehending the workingman's family in its various functions, and through the family, of comprehending the society itself.

II.

THE WORK OF M. DE TOURVILLE.

The chief characteristic of this new monographic system, that which distinguishes it pre-eminently from the one proposed by Le Play, is that all its different parts are intimately connected. As stated above, the monograph, as presented by Le Play, was an account of receipts and of expenditures, accompanied by two commentaries. The first bore the general title of "Preliminary Observations:" it was a sort of introduction, designed to facilitate an intelligent reading of the budget. The second under the name of "Important Facts of Social Organization," gave opportunity to the monographist to indicate whatever observations had been suggested to him by the study of the family and which had no place elsewhere. That was in itself an avowal of inability to classify certain phenomena that were recognized as important. We find nothing like this in the system (*la nomenclature*) of M. de Tourville. The twenty-five great classes of social facts of which it is composed, appear each in its place, in the order of its complexity, each vitally and intimately related to the one which precedes it. Nothing is

overlooked ; no preliminary explanation is needed, nor is any chance conclusion added. In fact, the earliest phenomena being the least complicated, the most simple, no explanation could be presented which would make them more readily understood. As for the conclusions, they must find their place among the more involved phenomena with which they are connected. All is included in the body of the monograph.

Naturally it is the workingman's family which is still made the basis of observation. It is that which the monographist is to study ; and the first and the simplest question to be answered is : On what does this family live ? In other words, what are its *means of support* ? This corresponds to the credit side of the budget presented by Le Play. But in the answer to his wholly material question are comprehended a multitude of elements which cannot be expressed in dollars and cents. Between two families which possess equal yearly resources there may exist such social differences, *from the character of these resources alone*, that they may represent classes diametrically opposed the one to the other.

Some families live on the natural products of *the locality* (*le Lieu*) which they inhabit ; such as, for example, as those of shepherds, fishermen, and hunters. Also, the savages of Africa, who live on the banana. Many who have other resources have the advantages of herbs, of sea or river fish, game, fruits, wood, and other products which can be immediately utilized. Finally, those who enjoy none of the spontaneous products of the soil, still find in the soil the basis of their industry. The husbandman transforms the soil itself ; the mason and the carpenter take from it stone and wood ; the miner goes to it for coal or precious metals ; the weaver, the blacksmith, the tailor, the cobbler work with, and the merchant exchanges products more or less directly yielded by the soil. All bear, then, to the *locality* a certain relation which must be determined, and determined exactly, for on it will depend an important characteristic of the family and

of the society which it represents. The shepherd of the steppes of Asia, who lives by his flocks, depends entirely on the conditions of the *locality*. The society to which he belongs is a *simple* society. All means of support come directly and very simply from the *soil*. On the contrary, the English workingman of Manchester lives by the wages paid by his employer, and in his *means of support* he seems to bear no relation whatever to his *locality*. By means of numerous commercial agents, and under the direction of the manufacturer, he works the wools of Australia and the cottons of the United States or of the Indies. Through other agents and under the same direction he utilizes the energy stored up in English coal, and it is in fact due to the presence of that coal in the subsoil of England that he is in communication with the locality in which he lives. His relation to the *locality* is, then, very indirect, very complicated, very loose. He represents an extreme type in a *complicated society*. Thus, while in the case of families in simple societies the means of support are derived entirely, or almost entirely, from the *locality*, in the case of complicated societies they are separated from it in an ever increasing degree. The *nomenclature* of Tourville classes them in the exact order of this increasing separation.

First comes *Labor*. The more a man uses his wits the farther he advances beyond the *simple gathering* of natural products, which is the most elementary form of labor. This *simple gathering*, then, is to be placed at the head of the table; then follow *extraction*, which draws the products of the soil directly from it, *e. g.*, the arts of agriculture and mining; *manufacture*, which transforms them; *transportation*, which distributes them.

But there are other means of support derived from resources accumulated under the form of *Property, Personal Effects, Wages and Savings*. These furnish four new classes, which added to *locality* and *labor* give the six great divisions of the *means of support*.

We know now upon what the family lives ; but we must know also its organization, the relations of its members one to another ; that is the object of the division entitled the *Workingman's Family*. We come now to the question of the *mode of life*. How does this family, which we have studied first in its workshop and then at the fireside—how does it actually utilize its resources ? How is it fed, housed, clothed, cared for, amused ? This corresponds to Le Play's *expense account*, with the accompanying explanatory text.

Beyond the ordinary life of the family, with which we are acquainted through these first eight tables, there is a very important series of facts which concerns it alone, but which occur only at irregular intervals ; these are the *phases of its existence*, the events which mark an epoch in its life—marriages, births, illness, deaths, new enterprises, etc. They have their proper place here, and the story of the workingman's family properly so-called ends with them.

There remains a certain class of influence outside and above the man's family itself which completes its history in one way or another : *Patronage** and its auxiliaries, commerce, intellectual culture, religious worship, corresponding to higher objects, intellectual or moral needs ; *voluntary associations*, which direct the interests for which the members have voluntarily united ; and finally, *enforced associations*, which lead us to an examination of public life in its various phases. We have thus risen from the direct observation of the workingman's family to a study of all the social facts, even the most remote and the most complicated, which act upon it in any way whatsoever.

Yet we have considered the society only at home in its native environment ; we must now look at its outward *expansion*, in its active relations with the rest of the world. We must also consider it in its passive relations, that is, the action of *foreign societies* upon it. Having done this,

* [*Patronage* is a technical term which has no English equivalent. It includes more than simply the relations between employer and employed.—THE EDITORS.]

we are in possession of all the fundamental facts which are necessary for understanding the *history of the society* and for designating the rank which it takes in the world. The crowning conclusion of the monograph is the synthesis of the different classifications which have been derived from the determination of each characteristic that has been observed.

I must ask my readers to pardon the great brevity which I have found necessary in order to put before them with a minimum of commentary the simple statement of the twenty-five great classes of social facts which compose the classification.* Each one of these twenty-five classes is

* SOCIAL CLASSIFICATION.

GRAND DIVISIONS OF THE CLASSIFICATION.

I. The Society at Home.	Private Life.	The Workingman's Family.	{	Means of	{	The Locality.
				Support		Labor.
				furnished		Property.
				by		Personal Effects.
				Its Organization.		Wages.
	Public Life.	Groupings outside and above the Workingman's Family.	{	Its Mode of Life.	{	Savings.
				Its Phases of Existence.		
II. The Society Abroad.	Private Life.	The Workingman's Family.	{	Means of	{	The Locality.
				Support		Labor.
				furnished		Property.
				by		Personal Effects.
				Its Organization.		Wages.
	Public Life.	Groupings outside and above the Workingman's Family.	{	Its Mode of Life.	{	Savings.
				Its Phases of Existence.		
III. Action of Foreign Societies upon it.	Private Life.	The Workingman's Family.	{	Means of	{	The Locality.
				Support		Labor.
				furnished		Property.
				by		Personal Effects.
				Its Organization.		Wages.
	Public Life.	Groupings outside and above the Workingman's Family.	{	Its Mode of Life.	{	Savings.
				Its Phases of Existence.		
IV. History of the Society.	Private Life.	The Workingman's Family.	{	Means of	{	The Locality.
				Support		Labor.
				furnished		Property.
				by		Personal Effects.
				Its Organization.		Wages.
	Public Life.	Groupings outside and above the Workingman's Family.	{	Its Mode of Life.	{	Savings.
				Its Phases of Existence.		
V. Rank of the Society.	Private Life.	The Workingman's Family.	{	Means of	{	The Locality.
				Support		Labor.
				furnished		Property.
				by		Personal Effects.
				Its Organization.		Wages.
	Public Life.	Groupings outside and above the Workingman's Family.	{	Its Mode of Life.	{	Savings.
				Its Phases of Existence.		

THE TWENTY-FIVE GREAT CLASSES OF SOCIAL FACTS.

A. The Soil.	J. Patronage.	S. Provincial Divisions.
B. Labor.	K. Commerce.	T. The Province.
C. Property.	L. Intellectual Culture.	U. The State.
D. Personal Effects.	M. Religion.	V. The Expansion of the Society.
E. Wages.	N. Neighborhood.	X. Foreign Societies
F. Savings.	O. Corporations.	Y. History of the Society
G. The Workingman's Family.	P. The Parish.	Z. Rank of the Society.
H. The Mode of Life	Q. Unions of the Parishes.	
I. Phases of its Existence.	R. The City.	

itself subdivided with great minuteness of detail, resulting in some four hundred terms which make the complete classification. One of the professors of our school, M. Robert Pinot, explains every year before a select body of students the significance of these terms, and the whole mechanism of the table. It is impossible for me within the restricted limits of a paper even to enumerate all the principles which social science has proposed to discover by monographic observation. I hope, however, that the grand divisions of this vast system where nothing is left to fancy or to chance, where each term is, so to speak, held in its place like the links in a chain, will give my readers the impression of a real, scientific advance upon family budgets with explanatory notes, which was the first form of the monograph.

Thanks to the more perfect methods of analysis, the new system admits greater flexibility in the exposition of the facts observed. Classification is so safe a guide for the monographist in his researches, that it is possible for him to do without it in drawing his conclusions. This is again an important advance upon the old system of the budget with explanations and commentary. It never occurred to M. de Tourville that all social study should begin with a description of the *soil*, followed in an invariable order by a study of *labor*, *property*, etc. On the contrary, all the monographs published in the "Workingmen of the Two Worlds," are divided into exactly the same number of paragraphs, bearing the same titles, and following one another according to a rule previously determined. A deplorable monotony is the result. This is a grave disadvantage, for one writes generally to be read, and if the reader is discouraged, one fails to reach the end in view. But there is a still graver disadvantage, it is that this uniformity frees the monographist from the necessity of seeing the society he describes. He may note one after another the facts which he had collected, without discovering their connection, without knowing which have a real importance and which are only secondary, without understanding

what makes the strength and the weakness of the society that has been studied, without touching the mainspring of the whole, that which determines and characterizes the general movement of the society. The monographist who uses the old system may be only an unskilled workman, dumping his loads of materials in given receptacles according to his instructions. The monographist of the new school would be incapable of undertaking his work, unless he had a *clear and distinct notion of it*, unless he had discovered the cause of the facts to be presented by him. Nomenclature serves to give us a clearer view ; when it has done this for us, we must show that we do see clearly by recording our observations as we see them.

An example will more readily indicate the difference between these two methods. Let us suppose that you have been delegated to describe the historic structures of Paris ; you will do wisely if you take account of their construction ; if you carry on your study systematically ; if, for example, you examine first the foundations of the edifice, the precautions which have been taken to assure its solidity ; if you proceed then to the superstructure and note the manner in which the great building has been erected ; you will carefully jot down in your notebook the nature of the materials used not only in the walls, but in the beams and the rafters, the kind of mortar, the methods of joining the timbers ; then you will examine its interior decoration, etc. This is the work which you must do ; but are you to rehearse it all before your reader ? Certainly not. If you have understood the edifice that you have been studying you will know the reason for each architectural detail that you have found ; you will take into account the object of its construction, the time in which it was built, the resources offered by the place in which it stands. If you are describing a church, a theatre, a palace, a fortress, a private dwelling, you will begin by explaining to me the religious customs of the time in which the building was erected, what public frequented the

theatre, what the life of the nobles was, what were the art and the conditions of war, how family life was looked upon. In fact, it was with all that in view that the building was built; to that it owes its existence and its peculiar form; that is the point which is to be made prominent and about which the details of your study are to be grouped. If you do not succeed in so rendering yourself master of your subject that you discover the fact which is the corner-stone of all, you will not be able to interest me, unless I am a mason or an architect. In the same way a society is constructed on the foundations of pre-existing conditions and on the present necessities of the individuals who compose it. To these things it owes its existence and its form; these are the points which are to be made prominent and about which all the details of social study are to be grouped. If you do not succeed in discovering these facts which are the corner-stone of all, you will not be able to interest me, unless I am a statistician or an economist by profession.

But if classification leaves the expositor entire liberty of form, it furnishes him with a valuable guide by permitting him to grasp promptly all the important effects of a given fact. Under this guidance it becomes an easy matter to follow the fundamental rule of observation and of exposition, viz., that no phenomenon shall be presented, unless its bearing be given also. Usually it exerts more than a single effect; but there is one effect which is the most important of all, and that one is the one to be emphasized; then follow the subordinate effects, each in its place. In thus determining the bearing of every fact observed, it falls naturally into its place in the presentation of the whole. The place is not the same under all circumstances. For instance, if you are describing a family of nomadic shepherds, you will see at once that their whole existence is dependent on the *locality*. They accept all conditions of climate, of fauna, of flora, without effecting any modification whatever by the labor of tillage, without protecting themselves against the

inclemencies of the weather by ingenious systems of construction, of heating, etc. You will have to lay greater stress upon the spontaneous products of the soil on which they live than you would do in studying a workingman's family at Paris; and you will learn just what development you ought to give to the description by the interest which the study brings to you. In this manner your observations will be presented to your readers in a strictly scientific order, inasmuch as this will have been determined by the results of analysis; but this order will be one which is *peculiar to your subject*, and not general and uniform.

This method of procedure, which secures to the monographist a clear view of society, demands of him personal labor which is considerable. It has, too, the advantage of interesting the reader and of indicating to him the methods employed; it shows him continually the relations of cause and effect, instead of placing before him an enumeration of facts—it educates him.

Most monographs of the old type begin with the following sentence: "The family which we are to study is found at such and such degrees of latitude and of longitude." What does that signify to the majority of readers? Certainly very little. What does it signify even to many monographists? And if the fact furnishes some social indication, why do they not take the pains to explain it to the public? This material statement is of itself a pure geographical fact; it becomes a part of social science only when you show its value. Supposing even that you explain to me that we have to do with a region which is above the limit of forests, or with a region which is subject to a great atmospheric current which must have much influence upon the products of the soil; or, again, with a region in a tropical climate; still, what have I learned? It is not, of course, a matter of indifference from a social point of view whether one lives at the equator or at the pole; but, you must explain to me beside, what influence the given situation will exert, and explain it, moreover, in

the right place; for instance, when I encounter a phenomenon which has been influenced by the situation. Otherwise what difference will it make to me that your observations have been made in lat. 49° N.?

Briefly stated, the work accomplished by M. de Tourville resulted on the one hand in a more complete analysis and in an ampler classification; on the other hand, in an exposition at once more scientific and more interesting. But, as has been said, the new instrument demands of him who would use it greater and more personal labor. This was one of the primary causes of the hostility it has aroused. In the second place, it reaches new results. Those of Le Play's disciples who saw in him, not the founder of a method to be developed, but the champion of certain ideas, could not adopt in good faith a system which would modify certain of their opinions. Such was the real cause of the separation of the old and the new school.

I should like to illustrate to the American public by an example drawn from the United States itself the progress which has been made in the knowledge of societies by the adoption of the new method.

Le Play tried to establish in certain series of social facts a great number of partial classifications. He has, for example, in "Social Reform in France," *two principal classes* of property, *three classes* in the systems of succession, *three principal classes* in the family, *two classes* of small landowners, *four kinds* of great workshops, *two forms* of association, *two kinds* of communities, *six classes* of corporations, etc. But his method of analysis was neither exact nor complete enough to allow him to co-ordinate the classes thus determined, so that his classification failed in the scientific verification which he thought that he had found in the balance of the budgets.

It resulted from this imperfect analysis and the series left incomplete and unclassified, that several classes specified by Le Play were falsely defined. The characteristics upon which he placed emphasis were not the *main characteristics*.

For example, he distinguished three classes of families, *the patriarchal family*, *the stock family* (*la famille-souche*) and *the unstable family*, basing the divisions according to the method by which families in each generation disposed of their property, rather than according to the education which they gave their children, which is the essential function of the family. And the effect of this error was not purely speculative. Le Play lauded the family organization of the Anglo-Saxon because it permitted testamentary liberty, the integral transmission of the family estate, characteristics, to his mind, of the *stock family*. Consequently he falsely attributed the qualities of the *stock family* to all classes in which the integral transmission of estates obtained, confounding in this way under a single denomination and in a single term of praise classes of families of very different degrees of vigor. He was in this manner led to place the same value upon the Basque emigrants, or upon those of Auvergne, who never established a single colony, as upon the Scandinavian and the English emigrants, who have been considerable factors in the social constitution of Western Europe and of the New World. On the other hand, he failed to recognize the stock family when, under the influence of certain circumstances, it made no practice of integral transmission. It was thus that he was led to predict the approaching decline of England, and to form very false judgments in regard to the United States of America.

To his mind, the strength of England lay in its attachment to certain forms which to-day seem to be threatened; he became alarmed at their probable disappearance, while he did not perceive that the social qualities in its constitution which he had so justly praised, were independent of the forms under which he had observed them; that they belonged, not to such and such testamentary conditions, not to such and such a political régime, but rather to the aptitudes developed among the youth by that whole series of facts which constitutes education.

In regard to the United States his error was still more marked. There he failed to recognize the *stable family* at all because there was no integral transmission of entire estates or of an industry. The American, who usually changes his employment several times during his life, can have no great desire to preserve to the generation which is to follow him a situation which he himself would probably abandon if he lived. This arises from the very conditions of his environment, from the amount of soil at his disposal, from the number of favorable opportunities which are presented to him. Hence results a certain material instability, the mark of a society that is forming and not of a society that is declining. But Le Play, who adhered to the systems of inheritance for the determination of family classes, heaped the same reproaches upon the American family, in which no one succeeds to the father's work because each one learns to create for himself an independent life, and the *unstable family*, in which no one succeeds to the father's work because each one thinks that he will be able to live on a small portion of his patrimony.

Led astray by this false appearance, and influenced besides by the spectacles of those grave disorders of which public life in the American Union is the theatre, Le Play judged the United States with great severity, and I do not hesitate to say, with real injustice. In the introductory letter published by him in M. Claudio Jannet's work on the "United States of To-day" (*Les Etats-Unis contemporains*), he frequently insists on the *moral decadence of the Union*, and he predicts for it approaching disaster, if it does not return to better practices.

There is no need for me to call to the attention of Americans the erroneousness of these predictions. Three years ago, having had occasion to travel in the United States in pursuance of social studies, I returned to France with convictions directly opposed to those of Le Play. If I had often to record grave deficiencies and disorders, the impression of

these sources of weakness was always more than counter-balanced for me by a deep sense of the energy and the vitality of the American family, by the marvelous manner in which it responds to its purpose in furnishing to the nation a constant contribution of young men capable of making their own way and conquering their own place in the world.* And while my observations revealed to me at every step evidences of strength in the nation and in the family, the new social science guided me in the search of characteristic phenomena, without hindering my advance by the inexact classification which had caused Le Play's mistake.

Other observations made in different countries, by the aid of the new method, soon led us to substitute for the classification established by Le Play a new classification, based not on the inheritance of property, but rather on the aptitude of children for real independence. And with this classification as a basis the American family finds its place naturally among the strongest class.

I have cited this instance to indicate to the American public the practical bearing of a more just classification and a more exact analysis upon social studies ; but this is only one example destined to open the eyes of the friends of the science to the importance of the development given by M. de Tourville to the method founded by Le Play.

It is important also to note that the modifications made in the conclusions and in the classifications advanced by Le Play, in pursuance of his method of observation, are the greatest homage that can be paid to his memory. Le Play felt the need of a compass to guide him in his social studies. We have but one ambition—to perfect his instrument *by the same method which aided him in its discovery*.

Such a task is not accomplished without accidents and the individual shipwrecks which are the part of human weakness. Our mistakes do not surprise us, nor shake our faith in the method. We have the consolation of thinking that a

* See " *La Vie Américaine*".

false hypothesis, which had been shown to be such, is a step towards truth ; that one may even render service to the truth in deceiving oneself in good faith ; and that every loyal effort that is guided by science brings, directly or indirectly, a useful result.

It is this which leads us to hope that all sincere and enlightened minds will aid us in the work we have undertaken of making a methodical study of social facts. It is a vast undertaking ; it eluded us ; it exceeds by far our strength, our time, our personal knowledge. We do not dream of playing the jealous custodian of a system—of taking out a patent on it ; on the contrary, we ask all those who love the truth to unite their efforts with ours.

PAUL DE ROUSIERS.

Paris.

[Translated by CORNELIA H. B. ROGERS.]

PERSONAL NOTES.

AMERICA.

Cornell College.—Dr. James Alton James has been elected Professor of History at Cornell College, Mt. Vernon, Iowa. He was born September 17, 1864, at Hazel Green, Wis., and after passing through the district school of that place, and State Normal School at Platteville, entered the Wisconsin State University in 1884. Four years later he took the degree of B. L., and in the same year, 1888, became principal of a high school at Darlington, Wis. In 1890 he entered Johns Hopkins, became Fellow in History in 1891, and in 1893 received the degree of Ph. D. He has in preparation a monograph on "*English Institutions and the North American Indian*," having already published :

"*Indian Factory System*." Magazine of American History. May, 1892.

Cornell University.—Dr. L. S. Merriam, Instructor of Political Economy,* whose appointment was noticed in the last issue of the ANNALS, was the victim of a sad boating accident on November 18, 1893. He went out to row on Cayuga Lake, with a companion, the boat drifted ashore, but no trace of its occupants has been found. Dr. Merriam was a man of great promise and his death is a source of profound regret to all who knew his sterling worth. Prior to his death he was engaged on a paper on "Deferred Payments," in reply to Professor E. A. Ross' paper in the November issue of the ANNALS.

Northwestern University.—Dr. Henry J. Furber, Jr., has been appointed Professor of the History of Economics at the Northwestern University. Born in Green Bay, Wis., May 12, 1865, he was educated in the public schools of that place and in private schools at Chicago. He entered the University of Chicago, where, in 1886, he took the degree of B. S. He made an extended study in Europe, spending 1886-87 at Berlin, 1887-88 at Vienna, 1888-89 at Berlin, 1889-90 at Leipzig, 1890-91 at Rome, and 1891 at Halle, where he received the degree of Doctor of Philosophy. Returning to Chicago he entered business life, but was appointed, 1893, a lecturer in the Northwestern University, where, at present, he is Professor of the History of Economics and Registrar of the College Department. He will deliver during the present year a course of lectures at the University of Wisconsin. Professor Furber is a member

* See ANNALS, Vol. iv. p. 456. November, 1893.

of the American Statistical Association and American Economic Association. He has published :

"*Geschichte der ökonomischen Theorien in Amerika.*" Halle, 1891.

University of Chicago.—Dr. Adolph Caspar Miller,* Associate Professor of Political Economy at the University of Chicago in the session of 1892-93, has been appointed to the rank and title of Professor of Economic History and Finance. Professor Miller is an associate editor of the *Journal of Political Economy*.

Dr. Isaac Aaronovich Hourwich has been appointed Docent in Statistics at the University of Chicago. He was born April 26, 1860, at Wilno, Russia, and was educated at the Classical Gymnasium, at Minsk, from 1869-77. The year 1877-78 he spent at the Medico-Chirurgical Academy at St. Petersburg, and 1878-79 at the University of St. Petersburg. Later he became a non-resident student of the Demidov Juridical Lyceum, at Yaroslavl, where in 1887 he graduated with the degree of LL. M. He was admitted to the bar at Minsk, and practiced law from 1887 to 1890. In 1891 he became a student of Columbia College, New York, and received in 1893 the degree of Ph. D. from that institution. Dr. Hourwich has published :

"*Peasant Emigration to Siberia.*" Juridichesky Vestnik (Juridical Herald), Moscow, January, 1887.

"*The Study of Peasant Emigration to Siberia.*" Sibirski Sbornik (Siberian Magazine), 1887.

"*Peasant Emigration to Siberia.*" Pp. 160. Moscow, 1888.

"*The Agrarian Question in Russia.*" Ur Dagens Krönika. Stockholm, September, 1890.

"*The Persecution of the Jews.*" The Forum. August, 1891.

"*The Russian Judiciary.*" Political Science Quarterly, December, 1892.

"*The Economics of the Russian Village.*" Pp. 184. Columbia College Studies in History, Economics and Public Law.

Mr. Oliver Joseph Thatcher has been appointed Assistant Professor in History in the University Extension Department. He was born November 10, 1857, near Wilmington, Ohio, where he attended the public schools and entered, 1874, the Wilmington College, receiving in 1878 the degree of A. B. After spending three years in the Union Seminary, New York City, Mr. Thatcher went to Europe, where he remained seven semesters at Berlin, one at Marburg, and a year in the American School for Classical Studies at Athens. From 1888 to

* See ANNALS, Vol. ii. p. 538. January, 1892.

1890 he was Instructor of Church History at the Allegheny U. P. Theological Seminary, and in 1890 was made Professor at that institution. In 1892 he became Instructor of History at the University of Chicago. He has edited "*The Patience of Hope*" and other sermons by the late Joseph H. Wright (New York, 1889), and has written :

"*Huldreich Zwingli*," inaugural address. Privately printed. 1890.

"*A Sketch of the History of the Apostolic Church*," Pp. 312. Boston, 1893.

Dr. Thorstein B. Veblen has been appointed Reader in Political Economy at the University of Chicago, and charged at the same time with the duties of an Assistant Editor of the *Journal of Political Economy*. In 1880, Mr. Veblen took the degree of A. B. at Carleton College. After studying at Johns Hopkins 1881-82 he went to Yale in 1882, where in 1884 he received the degree of Ph. D. Returning to economic studies at Cornell in 1890, he was a fellow of that university in 1891-92, and occupied a similar position at Chicago, 1892-93. Dr. Veblen has written :

"*Kant's Kritik of Judgment*." *Journal of Speculative Philosophy*, July, 1884.

"*Some Neglected Points in the Theory of Socialism*." *ANNALS OF THE AMERICAN ACADEMY*, November, 1891.

"*The Price of Wheat Since 1867*." *Journal of Political Economy*, December, 1892.

"*Food Supply and the Price of Wheat*." *Ibid*, June, 1893.

Dr. Gerald Montgomery West has been appointed Docent in Anthropology at the University of Chicago. He was born at New York, on July 13, 1865, and after preliminary training at Trinity School, Tivoly-on-the-Hudson, and the Peekskill Military Academy, entered Columbia College in 1883. Absent through illness during more than a year, he did not receive his degree of A. B. until 1888. Entering the Law and Political Science Schools of Columbia, he received in 1889 the degree of A. M., and in 1890 that of Ph. D. In 1890-91 he was Fellow in Anthropology at Clark University, and in the succeeding year Assistant. In 1892 he went to the University of Chicago as Fellow, and has been actively engaged in the work of the Section of Anthropology at the World's Columbian Exposition. Dr. West is a member of the American Statistical Association, the American Folk-Lore Society, and the Academy of Political Science, Columbia College, New York. His writings include :

"*The Growth of the Breadth of the Face*." *Science*. 1891.

"*Eye Tests on School Children*." *American Journal of Psychology*. 1892.

"*Worcester School Children, Growth of Body, Head and Face.*" Science. 1893.

"*Anthropometrische Untersuchungen über die Schulkinder in Worcester, Mass.*" Archiv für Anthropologie. 1893.

University of Vermont.—Mr. Frederick Merritt Cross has been appointed Associate in Political and Economic Science at the University of Vermont. He was born at Bakersfield, Vt., September 7, 1863, and after preparation at the St. Albans Academy, St. Albans, entered the University of Vermont, where in 1888 he received the degree of A. B. In 1889 he was appointed Instructor of Mathematics at the same institution; but left this work in 1890 to study in the Political Science Department of Columbia College, which conferred upon him the degree of A. M. in 1892. In September, 1892, he resumed his functions of Instructor of Mathematics, with the added duties of Instructor of Political Economy, in which department he has now become Associate. Mr. Cross is a member of the American Economic Association.

Yale.—Dr. John Christopher Schwab was in July last appointed Assistant Professor of Political Economy. Born April 1, 1865, at Fordham Heights, Westchester County, N. Y., he was prepared for college by private tutors and at the Fifth Avenue School, New York City. In 1882 he entered Yale, taking in 1866 the degree of A. B. and devoting the following year to post-graduate study at the same institution. In the summer of 1887 he went to Berlin, and in the following year to Göttingen, where in 1889 he received the degree of Ph. D. In 1890 Dr. Schwab was appointed Lecturer on Political Science at Yale, and in 1891 Instructor in Political Economy at the same institution. During the past year Dr. Schwab has been actively engaged in the editorial work of the *Yale Review*. Professor Schwab is a member of the Council of the American Economic Association, a member of the British Economic Association, the American Statistical Association, the New York Historical Society and the American Academy of Political and Social Science. He has published:

"*Die Entwicklung der Vermögenssteuer im Staate New York.*" (Inaugural Dissertation.) Pp. 72. Göttingen, 1889.

"*History of the New York Property Tax. An Introduction to the History of State and Local Finance in New York.*" Publications American Economic Association, V., No. 6. Pp. 108. Baltimore, 1890.

"*The Finances of the Confederate States.*" Political Science Quarterly, March, 1892.

"*The Confederate Foreign Loan; an Episode in the Financial History of the Civil War.*" *Yale Review*, August, 1892.

Article "*Finance*" in "*Johnson's Cyclopædia*," 1893. (In press.)

AUSTRIA.

Graz.—The Chair of General and Austrian Public Law at the University of Graz was filled during the year 1893 by the election of Dr. Edmund Bernatzik,* Professor at Basle. In addition to works already noted in the ANNALS, Professor Bernatzik has written :

"*Republik und Monarchie.*" Pp. 52. Freiburg, 1892.

"*Das System der Proportional Vertretung.*" Schmoller's Jahrbuch XVII. Pp. 393-426.

GERMANY.

Berlin.—Professor Max Sering, who, in addition to being Professor of Economics at the Agricultural Institute, has at the same time been Privat-dozent at the University, has recently been promoted to the rank of Extraordinary Professor at the latter institution. He was born January 18, 1857, at Barby, in the Prussian province of Saxony, and attended the Gymnasium of Magdeburg 1867 to 1872, and the Imperial Lyceum of Strassburg from 1872-76. In the latter year he commenced his university work which occupied the years 1876-79 at the universities of Leipzig and Strassburg. In 1881 he took the degree of Doctor of Political Science at Strassburg. From 1879 to 1882 Dr. Sering was Referendar in the Judicial and Administrative service of Alsace-Lorraine, and in 1882 of Berlin. In the following year, 1883, he made a visit to the United States and Canada to study our agricultural conditions on a commission from the Prussian Government. In 1883 he became Privat-dozent at the University of Bonn, where, in 1885, he became Extraordinary Professor. In 1889 he accepted a call to the Agricultural Institute of Berlin, as Professor of Economics. Professor Sering is Secretary of the Verein für Sozialpolitik. His writings have been as follows :

"*Geschichte der preussisch-deutschen Eisenzölle.*" Leipzig, 1882.

"*Die Konkurrenz der nordamerikanischen Landwirtschaft. Landwirtschaft, Kolonisation, und Verkehrswesen in der Ver. Staaten und Britisch Amerika.*" Leipzig, 1887.

"*Arbeiter Ausschüsse in der deutschen Industrie.*" Leipzig, 1889.

"*Innere Kolonisation im östlichen Deutschland.*" Leipzig, 1893.

"*Beobachtungen auf einer nordamerikanischen Studienreise.*" Landwirtschaftliche Presse, 1883-84.

"*Arbeiterfrage und Kolonisation in den östlichen Provinzen Preussens.*" Ibid., 1892.

"*Erhebungen über die Lage des Kleingewerbes in Baden.*" Conrad's Jahrbuch, 1889.

* See ANNALS, Vol. II. p. 116. July, 1892.

"*Die soziale Frage in England und Deutschland.*" Schmoller's Jahrbuch.

In Conrad's Handwörterbuch, the articles: "*Arbeitseinstellungen in Grossbritannien*;" "*Arbeitseinstellungen in den Vereinigten Staaten von Amerika*;" "*Getreidehandel in den Vereinigten Staaten von Amerika*;" "*Heimstättenrecht*;" "*Rentengüter.*"

Erlangen.—Professor Hermann Rehm, late of Giessen, has accepted and entered upon the duties of a Professorship of Public and Administrative Law, German Constitutional and Legal History at Erlangen. Dr. Rehm was born at Augsburg, April 19, 1862, and after preparation at the Gymnasium at Nuremberg, entered 1880 the University of Munich. Here he remained until 1884, and took in 1886 the degree of Doctor of Laws. From 1885 to 1888 he was in the practice of law; but in the summer of 1891 became Privat-dozent at Munich. Hence he was called in the fall of 1891 to Marburg as Extraordinary Professor. In 1892 he became ordinary Professor at Giessen. Professor Rehm has published the following works besides a large number of smaller articles:

"*Die rechtliche Natur des Staatsdienstes nach deutschen Staatsrecht.*" Annalen des deutschen Reiches 1884 and 1885. Pp. 264.

"*Das Bayerische Notariatsgesetz.*" First edition, Pp. 200, 1888. Second edition, Pp. 218, 1893.

"*Die rechtliche Natur der Gewerbskonzession.*" Pp. 87, 1889.

"*Der Rechtsbegriff der Arbeiterversicherung.*" Archiv für öffentliches Recht. 1890.

"*Der Erwerb von Staats und Gemeindeangehörigkeit in geschichtlichen Entwicklung nach römischem und deutschem Staatsrecht.*" Annalen des deutschen Reiches 1892. Pp. 195.

"*Der Mitgliedschaftserwerb in der evangelischen Landeskirche und landeskirchlichen Ortsgemeinde Deutschlands.*" Deutsche Zeitschrift für Kirchenrecht 1892. Pp. 155.

"*Die jüngste Reform des bayerischen Heimatsrechtes.*" Archiv für öffentliches Recht. 1893. Pp. 50.

Further, the following articles, in the "Handwörterbuch" of Professor Conrad: "*Bodensee*," "*Eheschliessung*," "*Freizügigkeit*," "*Glücksspiel*," "*Heimatsrecht*," "*Passwesen*," "*Passrecht.*"

Giessen.—Dr. Karl F. Heimburger has been appointed Ordinary Professor of Public and International Law at the University of Giessen. He was born at Lahr, Baden, August 27, 1859. After a school education at the Gymnasium of Karlsruhe, he entered 1877 the University of Lausanne. Hence he went in 1878 to Leipzig, and in 1881 to Heidelberg, where in 1882 he received the degree of Doctor of Laws. In

1888 he became Privat-dozent at Heidelberg. Professor Heimbürger is a member of l'Institut de Droit international, Société d'Histoire diplomatique, the American Academy of Political and Social Science and other learned societies. Besides numerous contributions to leading legal periodicals, Professor Heimbürger has published :

"*Die Reform der Verwaltungsrechtsprechung und der Kompetenz-konflikte in Italien.*" Pp. 80. Vienna, 1886.

"*Der Erwerb der Gebietshoheit. Eine Staats und völkerrechtliche Studie I Teil.*" Pp. 155. Karlsruhe, 1888.

"*Hermann von Schulze-Gävernitz, Eine Biographie.*" (In *Badische Biographien*). Karlsruhe, 1891.

Halle.—The death is announced of Dr. Hugo Eisenhart, Extraordinary Professor of Economics at the University of Halle. He was born January 8, 1811, at Wolmirstedt in the Prussian Province of Saxony. Since 1840 he was connected with the University of Halle, from 1840-56 as Privat-dozent, and since 1856 as Extraordinary. He retired some years ago from active academic work. Professor Eisenhart published :

"*Philosophie des Staates oder Allgemeine Sozialtheorie.*" 2 vols. Leipzig, 1843-44.

"*Der Begriff des Adels in Staaten.*" Stuttgart, 1852.

"*Die gegenwärtige Staatenwelt in ihren natürlichen Gliederung und ihren leitenden Grossmächten.*" Leipzig, 1856.

"*Kunst der Besteuerung.*" Berlin, 1868.

"*Geschichte der Nationalökonomie.*" Jena, 1881. Second edition, 1891.

Kiel.—Dr. Wilhelm Hasbach, formerly of Königsberg, has been appointed Ordinary Professor of Political Economy at the University of Kiel. He was born August 25, 1849, at Venanen in the Rhine Province, and attended the Realgymnasium at Cologne before pursuing university studies at the Academy of Münster and the universities of Bonn, Tübingen and Berlin. In 1875 he passed the State examinations at Bonn, and 1878 secured the degree of Doctor of Political Science at Tübingen. In 1884 he became Privat-dozent at the University of Greifswald, and since 1887 he has been Extraordinary Professor at Königsberg. Professor Hasbach's writings include :

"*Iago in Shakespeare's Othello.*" Archiv für neuere Sprachen, 1876.

"*Die Beziehungen der Platonischen Aesthetik zur Aesthetik Schopenhauers.*" Zeitschrift für Philosophie, 1880.

"*Die Reform des englischen Parlaments.*" Grenzboten, 1882.

"*Das englische Arbeiterversicherungswesen.*" Pp. 447. 1883.

"*Ein Beitrag zur Methodologie der National ökonomie.*" Schmoller's Jahrbuch, 1885.

"*Eine andere Gestaltung des Studiums der Wirthschaftswissenschaften.*" Schmoller's Jahrbuch, 1887.

"*Larochefaucalt und Mandeville.*" Schmoller's Jahrbuch, 1890.

"*Die allgemeinen philosophischen Grundlagen der von François Quesnay und Adam Smith begründeten politischen Oekonomie.*" Pp. 177. 1890.

"*Untersuchungen über Adam Smith und die Entwicklung der politischen Oekonomie.*" Pp. 440. 1891.

"*Recent Contributions to Economic History in Germany.*" Economic Journal, 1891.

"*Les fondements philosophiques de l'économie politique de Quesnay et Smith.*" Revue d'Economie politique, 1893. Also in German in the periodical Deutsche wörter, 1893.

The articles "*Arbeiterversicherung*" and "*Grossbritannien*," in Conrad's Handwörterbuch.

Leipzig.—Dr. Karl Eugen Rieker has been appointed Extraordinary Professor of Ecclesiastical and International Law, in the legal Faculty at Leipzig. Professor Rieker was born March 27, 1857, at Urach in Württemberg. After preparation at the evangelical theological seminaries of Maulbronn and Blaubeuren, he studied at the University of Tübingen, from 1875 to 1879. From 1881 to 1884 he was a teacher at the Theological Seminary at Tübingen, and from 1884 to 1890 he was engaged in pastoral work at Brackendern in Württemberg. During this period, 1887, he obtained the degree of *licentiatas theologiæ* at Tübingen, and in 1891 he received the degree of Doctor of Law at Leipzig. In the same year he became Privat-dozent in the Legal Faculty at Leipzig. Professor Rieker has published :

"*Die evangelische Kirche Württembergs in ihrem Verhältniss zum Staat.*" Pp. 151. 1887.

"*Die rechtliche Natur des evangelischen Pfarramts.*" Pp. 67. 1891.

"*Die rechtliche Stellung der evangelischen Kirche Deutschlands, in ihrer geschichtlichen Entwicklung bis zur Gegenwart.*" Pp. 488. 1893.

"*Die rechtliche Natur der modernen Volksvertretung.*" Pp. 60. 1893.

Marburg.—Dr. Karl Rathgen has been appointed Extraordinary Professor of Political Economy at the University of Marburg. He was born December 19, 1856, at Weimar. After passing through the gymnasium at Weimar, he studied law and political science at the universities of Strassburg, Halle, Leipzig and Berlin. In 1881 he

obtained the degree of Doctor of Political Science at Strassburg. In 1882 he was appointed Professor of Political Science at the Imperial University of Tokio, Japan, which position he held eight years. In 1892 he became Privat-dozent at the University of Berlin and in the winter semester 1892-93 supplied at Marburg in place of Professor Paasche, who was absent. In September of the current year he received the appointment as Professor at Marburg. His publications include :

Japans Volkswirtschaft und Staatshaushalt." Schmoller's Forschungen. Vol. x. Pp. 800. 1891.

"*Die Entstehung der Märkte in Deutschland.*" Pp. 68. 1881.

"*Der deutsche Handel in Ostasien.*" Schmoller's Jahrbuch. 1885.

"*Die Entwicklung des Handels zwischen Europa und China.*" Schmoller's Jahrbuch. 1892.

"*Ergebnisse der amtlichen Bevölkerungsstatistik in Japan. Mittheilungen der deutschen Gesellschaft für Natur und Völkerkunde Ostasiens.*" 1887.

"*Moderne Handelspolitik.*" Preussische Jahrbücher. 1892.

"*Japanisches Verkehrswesen. Verhandlungen der Gesellschaft für Erdkunde zu Berlin.*" 1892.

"*Märkte und Messen.*" Article in Conrad's Handwörterbuch.

Stuttgart.—At the Technical High School at Stuttgart, Dr. Hermann Losch became Privat-dozent for Statistics and Political Economy in July last. He was born January 16, 1863, in Murrhardt in Württemberg and was educated in the Latin school, and later in the Protestant Seminaries of Maulbronn (1877-79) and Blaubeuren (1879-81). He studied at Tübingen from 1881 to 1885 and took in 1887 his degree of Doctor of Philosophy at Tübingen, with a dissertation upon Condorcet. From 1885 until 1888, he was in the service of the Church Administration in Württemberg as Pfarramtsverweser, and School Inspector. The winter semester of 1888-89 he spent at the University of Berlin, and in the same year accepted a position as secretary to a member of the Imperial Parliament, Gustav Siegle, Deputy from Stuttgart. Since assuming the work of Privat-dozent, he has accepted a position as Finanz assessor in the Württemberg Statistical Office without relinquishing his teaching. He has been active in the Verein für Sozialpolitik, acting as secretary at the Session of Berlin in 1883.

Dr. Losch's publications include :

"*Volkvermögen, Volkseinkommen und ihre Verteilung.*" Heft. I Bd. vii. von Staats und Socialwissenschaftlichen Forschungen. Pp. 110. 1887.

"*Sozialismus und Reichsstatistik.*" Schmoller's Jahrbuch. 1889.

"*Der Maximalarbeitstag in technisch-beruflicher Beleuchtung.*"
Ibid. 1891.

"*Nationale Production und nationale Berufsgliederung.*" Pp. 324.
Leipzig, 1892.

"*Die länlichen Arbeiterverhältnisse in Württemberg, Baden und in den Reichslanden.*" Pp. 233-440. Schriften des Vereins für Sozialpolitik. Bd. liii.

"*Die Berufsgenossenschaften als Träger einer nationalen Lohnstatistik.* Schmoller's Jahrbuch. 1883.

The first named of the above works secured for the author a prize offered by the faculty of political science at the University of Tübingen.

HOLLAND.

Leyden.—The eminent Dutch publicist, Dr. Jan Theodor Buijs (or Buys), Professor of Public Law at the University of Leyden, died May 15, 1893. He was born at Amsterdam, January 26, 1828, received his early education in the Latin School of that city, and attended the Faculty of Law of the University of Amsterdam from 1845 to 1850. On the seventeenth of April, 1850, he obtained the degree of Doctor of Law after presentation of a dissertation, entitled "*De jure cogitata communicandi ex juris communis principiis regendo.*" From July 1, 1851, to January, 1857, he was attached to the legal department of the province of South Holland. In the latter year he became Secretary of "Rhyndland," a large public corporation controlling 100,000 hectares, for the protection against the sea and rivers and for the regulation of water-ways. In the same year he became Secretary of the official Commission for Marine Fisheries, a position which he held until 1890. In 1862 he severed his connection with the Rhyndland to become Professor of Public Law at the University of Amsterdam. In 1863 he assumed the editorship of the review *De Gijds*, which he retained until his death. In 1864 he became Professor of Public Law at the University of Leyden. In 1883 he was a member of the official commission to formulate reforms of the Constitution and was made vice-president of the Commission. Professor Buijs was a member of the Academy of Sciences at Amsterdam. His contributions from 1864 to 1893 on questions of politics to the review *De Gijds* were very numerous, as were also his contributions to *Bijdragen tot de kennis van het Staats, Provincie en Gemeende Bestuur in Nederland*. In addition to the dissertation already named, Professor Buijs published:

"*Verordening op de veer en beurtschepen.*" 1852.

"*De Nederlandsche Staatsschuld.*" 1856.

"*De circulatiebanken.*" 1857.

"*De hypotheekbank.*" 1861.

"*Het wezen van den Constitutionelen Regieringsvorm.*" 1862.

"*Het moderne Staatsbegrip.*" 1864.

"*Een woord aan de kiezers.*" 1866.

"*De zelfstandigheid van het Staatsrecht.*" 1876.

"*De Grondwet.*" 3 vols. 1883-1888.

SWITZERLAND.

Basle.—Professor George Adler,* previously of Freiburg, has accepted a call as Extraordinary Professor of Political Economy at the University of Basle. The list of Professor Adler's publications given in an earlier volume of the ANNALS must be supplemented by the following :

"*Die Sozialreform und der Kaufmannsstand.*" Pp. 60. 1891.

"*Die Sozialreform und das Theater.*" Pp. 48. 1891.

"*Die Entwicklung des sozialistischen Programs in Deutschland.*" (1863-90). Conrad's Jahrbuch, 1891; and also in the Economic Journal, December, 1891.

"*Die Fleisch-Teuerungspolitik der deutschen Städte beim Ausgang des Mittelalters.*" Pp. 125. 1893.

Articles in the Handwörterbuch of Professor Conrad as follows : "*Enfantin*," "*Fourier*," "*Fleischergewerbe*," "*Handelsgehilfe*," "*Internationale*," "*Recht auf Arbeit*," "*Saint-Simon und Saint-Simonismus.*"

Lausanne.—Professor Léon Walras resigned the Professorship of Political Economy, because of failing health, in July, 1892. He was born December 16, 1834, at Evreux, Department of the Eure in France, and entered the *collège* † of Caen in 1844, and later the *lycée* of Douai in 1850, receiving his diploma of *bachelier ès lettres* in 1851, and after two years, spent chiefly in mathematical studies, that of *bachelier ès sciences* in 1853. The succeeding year was spent mainly in the study of mathematics, and in 1854 Walras entered the *École des Mines* at Paris. Having but little taste for technical studies, he gradually abandoned the work of the school.

In 1858 he began his career as a publicist, devoting himself to political economy. In 1859 he published a refutation of Proudhon. In writing this work he first conceived the idea of pure economics to be created in mathematical forms. In July, 1860, he took part in the International Tax Congress at Lausanne, and competed for the prize offered by the Canton of Vaud upon the Tax question. His work received a fourth place only, but he was honored by the authorities

* See ANNALS, Vol. I. p. 301. October, 1890.

† After 1848 the colleges were called lycées.

of Canton by a proposition that Walras be invited to teach political economy at Lausanne. No action however, was taken.

Walras had been connected with the *Journal des Economistes* since 1859, and entered into connection with *La Presse* in 1860, but radical differences of opinion with the editors in both cases led him soon to abandon this occupation. Failing in an effort to secure permission to establish a paper of his own, Walras entered, in 1862, the administration of the Northern Railroad. (*Chemin du fer du Nord*.) From 1865 to 1868 he was largely occupied with the subject of co-operation, himself contributing by his pen, his bank account, and his time to the movement. But the efforts were unsuccessful. The bank, in aid of co-operative societies, of which he had become a director, ceased its operations, and at the end of 1868, Walras entered a private banking house at Paris, and remained there nearly two years.

In 1870 he was appointed Professor of Political Economy at Lausanne. Since that date he has been occupied in developing his principles of mathematical economics. In a series of works he has laid down the principles of his theory, and in some cases has made instructive applications of them to practical questions. He has been gratified to see his work receive a cordial acknowledgment in Italy, Belgium, Holland, Russia, Austria and America, though in the land of his birth, in France, his theories have not made the same progress as elsewhere.

Professor Walras is a member of the International Statistical Institute, the American Academy of Political and Social Science, a corresponding member of the Société royale des sciences de Liège, and honorary member of the American Economic Association.

His principal works are :

"*L'Économie politique et la Justice*," examen critique et réfutation des doctrines économiques de M. P.—J. Proudhon, précédés d'une "Introduction à l'étude de la question sociale." Pp. LXIV-258. Paris, 1860.

"*Théorie critique de l'impôt*" précédés de "*Souvenirs du Congrès de Lausanne*." Pp. XXXVI-124. Paris, 1861.

"*De l'impôt dans le Canton de Vaud*." Mémoire auquel un quatrième accessit a été décerné ensuite du concours ouvert par le Conseil d'État du Canton de Vaud sur les questions relatives à l'impôt. Pp. 160. Lausanne, 1861.

"*Principes de la théorie des richesses par M. Cournot*." L'Indépendant de la Moselle, 13 Juillet, 1863.

"*De la constitution de la propriété en Algérie*." *Ibid.*, 2 et 21 Septembre et 12 Octobre, 1863.

"*Les associations populaires de consommation de production et de crédit.*" Leçons publiques faites à Paris en janvier et février, 1865. Pp. XXIV-228. Paris, 1865.

"*Des opérations de la Caisse d'escompte des associations populaires.*" Leçon publique faite à Paris en Mars, 1866.

"*Le Travail*," organe international des intérêts de la classe laborieuse; revue du mouvement co-opératif. I. (1865-67), 388 colonnes. II. (1867-68), 388 colonnes. (Divers articles parmi lesquels le *Programme économique et politique*.)

"*Recherches de l'idéal social.*" Leçons publiques faites à Paris. Première Série 1867-68. "*Théorie générale de la Société.*" Pp. XXXII-192.

"*Discours d'installation*" prononcé à la Séance académique du 20 Octobre, 1871.

"*Sur la théorie mathématique de l'échange.*" Bulletin de la Société Vaudoise des Sciences naturelles. Vol. xii. Pp. 484.

"*Le Cadastre et l'impôt foncier.*" Bibliothèque universelle. Novembre et Décembre, 1873.

"*De l'influence de la communication des marchés sur la situation des populations agricoles.*" Journal de la Société Vaudoise d'utilité publique. Mai et Juin, 1874.

"*Éléments d'économie politique pure ou théorie de la Richesse sociale.*" Ire édition. Lausanne, 1874-77. Pp. VIII-408. 2eme édition. Lausanne, 1889. Pp. XXIV-524.

"*Un nuovo ramo della matematica. Dell'applicazione delle matematiche all'economia politica.*" Giornale degli Economisti. Aprile, 1876.

"*De la culture et de l'enseignement des Sciences morales et politiques.*" Bibliothèque universelle. Juillet et Août, 1879.

"*La Bourse, la spéculation et l'agiotage.*" Bibliothèque universelle, Mars et Avril, 1880.

"*De la propriété intellectuelle.*" Gazette de Lausanne, 10, 11 et 12 Juin, 1880.

"*Théorie mathématique de la richesse sociale.*" Lausanne, 1883. Pp. 256. (Reproduction of seven essays, as follows: "*Principe d'une théorie mathématique de l'échange*" (1873); "*Equations de l'échange*" (1875); "*Equations de la production*" (1876); "*Equations de la capitalisation*" (1877); "*Théorie mathématique du bimétallisme*" (1876-1881-1882); "*Théorie mathématique du billet de banque*" (1879); "*Théorie mathématique du prix des terres et de leur rachat par l'Etat*" (1880). The first four essays have been translated into Italian and German.)

"*Monnaie d'or avec billon d'argent régulateur.*" *Revue de Droit international*, Décembre, 1884.

"*Un économiste inconnu: H. H. Gossen.*" *Journal des Economistes*, Avril et Mai, 1885.

"*D'une méthode de régularisation de la variation de Valeur de la monnaie.*" *Bulletin de la Société Vaudoise des Sciences naturelles*, Vol. xxi. pp. 71.

"*Contribution a l'étude des Variations de prix depuis la suspension de la frappe des écus d'argent.*" *Bulletin de la Société Vaudoise des Sciences naturelles*, Vol. xxi. pp. 93.

"*Théorie de la monnaie.*" Pp. XII. 124. Lausanne, 1886.

"*On the Solution of the Anglo-Indian Monetary Problem.*" British Association for the Advancement of Science. Meeting of 1887. (Has appeared in French in *Revue d'économie politique* of Novembre-Décembre, 1887.)

"*Observations sur le principe de la théorie du prix de MM. Auspitz et Lieben.*" *Revue d'économie politique*. Mai-Juin, 1890.

"*De l'échange de plusieurs marchandises entre elles.*" *Bulletin de la Société des ingénieurs civils*, Janvier, 1891.

"*Théorie géométrique de la détermination des prix.*" *Recueil inaugural de l'Université de Lausanne*, 1892. The last two articles, consolidated into one, have appeared in English with the title "*The Geometrical Theory of the Determination of Prices*," *ANNALS OF THE AMERICAN ACADEMY*, July, 1892.

Lausanne.—The chair of Political Economy, vacated by Professor Walras, has been filled by the election of one of his pupils, Marquis Vilfredo Pareto. He was born July 15, 1878, at Paris, and pursued his studies in the Mathematical Faculty of the University of Turin, where on the fourteenth of January, 1870, he received the diploma of *Licentiate in Mathematics and of Civil Engineering*. Shortly afterward he was employed as engineer in the Roman railroads, and in 1874 he became director of the foundries of San Giovanni di Val d'Arno, and later director general of the *Société des Forges italiennes*, from which he withdrew in 1890. Professor Pareto has traveled and lived in France and England. He is a member of the *Société d'Economie politique* of Paris, the Cobden Club of London, and *l'Accademia dei Georgofili* of Florence. His contributions to the proceedings of the latter body, and to economic journals in Italy, France and England, have been very frequent.

BOOK DEPARTMENT.

REVIEWS.

An Introduction to English Economic History and Theory. Part II.
The End of the Middle Ages. By W. J. ASHLEY, M. A. Pp. 501.
New York: G. P. Putnam's Sons. London: Longmans & Co. 1893.

Professor Ashley's second volume has been watched for by a much larger group of readers than that which welcomed his first volume, five years ago. The increase of interest in the aspect of history with which he deals has been remarkable. One or two decades ago constitutional, ecclesiastical, literary, or narrative history had its thousands of interested students, while the economic and social side was still ignored. In the last few years, however, successive notable books and monographs have appeared, courses in economic history are given in several colleges, the circle of interested readers has widened, and above all, work in other fields of history is learning to give due consideration to these influences so long neglected.

Professor Ashley's work has been of a particularly definite and tangible kind. The first volume of this work gave a systematic explanation of economic conditions in England during the period succeeding the Norman Conquest and preceding the changes of the fifteenth century, a period in which such conditions could be treated as practically stationary. At least such development as occurred was considered as subordinate to the main fact of comparative permanency of institutions.

The present volume takes up the fifteenth and sixteenth centuries, a period of far greater difficulty, and one in which much more of the work had to consist of original investigation on the part of the author. At the same time the interest of the period is greater from the very fact of its being a time of rapid change, in which various influences of society were working on one another with unusual effect. His study of the period opens with two admirable chapters on "The Supremacy of the Towns" and "The Crafts." The isolation of the towns and their independence as economic units brought about a condition of

great municipal strength, and the complete control of the magistracy over this economic life consolidated their self-government. The regulation of the conditions of the market for both local and foreign traders, the oversight of the crafts, the enforcement of the assize of bread, wine, and beer, the responsibility for the success of corporate undertakings, gave power and dignity to the city officers to a degree which has no parallel in later times, when authority has been taken into the sphere of the State and regulation abandoned in favor of the individual. The description of this municipal life given by the author is as interesting as it is new and significant. One of his statements as to the towns is, however, very different from the general belief of scholars, and we think will hardly gain acceptance, unless it can be supported with still further evidence. He says "the general impression with which we rise from the study of the period 1350-1550 is that on the whole there was a steady and constant growth of wealth in the civic communities." The view of most students is that the latter part of the fifteenth century and the first half of the sixteenth were a period in which the greater number of the cities lost much of their population and prosperity. In the author's balancing of evidence the interpretation of the statutes for the rebuilding of houses seems somewhat forced. It is difficult after reading the laws to believe that they are only for the "removal of a nuisance." Among the arguments for believing that a diminution of civic prosperity occurred, Professor Ashley fails to include those to be drawn from the numerous statements of contemporary writers. When we find Starkey in 1537 speaking of "the common decay and ruin of the cities and towns throughout all this your realm and nation," "the desolation of cities and towns," "our cities, castles, and towns of late days ruinate and fallen down, with such poor inhabitants dwelling therein," one can scarcely doubt that as far as his observation went the cities were really more poor. In the "Commonweal of England, by W. S.," recently identified as the work of John Hales in 1549, the craftsman says "the city which was heretofore well inhabited and wealthy, is fallen for lack of occupation to great desolation and poverty." Gross speaks of the decay of the old cities as one of the great revolutions of municipal history, and cites a large number of individual instances and other references.

The chapter on the craft gilds is a much fuller and more satisfactory study of the subject than any that exists elsewhere. Among many new and interesting facts and views that he gives us, that of the late extension of the influence of the crafts is perhaps the one that will attract most attention. It has formerly been believed that the craft gilds along with so many other mediæval institutions, sank into insignificance after the period of the Reformation, while Professor Ashley shows

or gives evidence to show that the craft gilds survived the laws of 1545 and 1547, and continued to exist in scarcely diminished prosperity. The author's equipment of facts on this subject is so large that until his critics have learned to draw from the same armory, they must defer to his opinions as well as to his statements. The chapter on the "Agrarian Revolution" is confessedly incomplete and unsatisfactory. The vast change in rural life in England which occurred during the period under discussion has left its general impress on the whole literature of the time. Yet its details are still but little understood and full of difficulties. Some of the obscurity has been removed by the present volume, notably by the ingenious map, but scarcely one of the real problems has been solved. His theory of the absence of legal security of tenure in the case of the customary tenants has been recently assailed from a new source, and we are inclined to declare it still "not proven."

By its interest, its originality, and its breadth of investigation, Professor Ashley's second volume makes good the claim of his work to a position in the very first rank of works in English economic history.

E. P. CHEYNEY.

University of Pennsylvania.

The Commercial Policy of England toward the American Colonies.

By GEORGE LOUIS BEER, A. M. Pp. 167. Columbia College Studies in History, Economics, and Public Laws. Vol. iii., No. 2. 1893.

Mr. Beer's monograph is a fresh and exhaustive study of a period which, save for Weeden's painstaking but discursive treatment, has been left mainly to the hasty generalizations of over-worked historians. The drift of early commercial legislation, with its half-conscious economic bearing, the bolder colonial policy of James I. and Charles I., and the more comprehensive and coherent system of Cromwell and his successors in the celebrated navigation acts and laws of trade, are exhibited with abundant detail and in due perspective. The economic reasons which determined the "enumerated commodities," their detailed history, the fluctuations of trade, the steady but blundering application of mercantile principles to colonial manufacturing and the West Indies trade, are the main subjects of treatment. The colonial system was the logical outcome of the economic theories of the time; yet it was vaguely understood that in order to be able to buy, the colonies must be allowed to sell, and so there was constant agitation to secure government support to certain colonial industries useful in supplying England with raw materials, or otherwise not interfering

with her exclusive trade prerogatives. The legislation directed against colonial industry was at too long range to be really efficient; it was tentative, frequently ambiguous, encouraging many subterfuges, and often almost openly defied. Yet "in the main, the colonies consumed English and not French manufactures," and "in the main, the colonies sent the enumerated commodities to England" (p. 142). Mr. Beer's conclusion—and he notes his dissent from Weeden, and of course from all who have held a brief for the colonies in the struggle with the mother country—is that "up to 1763 England acted consistently on a false, but historically justifiable, economic principle. She had developed a rounded colonial system, based on economic principles, and but slightly influenced by political considerations" (p. 144). "The colonial system, as it was administered before 1763, contributed but slightly in bringing about the revolution of 1776" (p. 157).

O. L. ELLIOTT.

Mathematical Investigations in the Theory of Value and Prices. By DR. IRVING FISHER. Transactions of the Connecticut Academy of Sciences and Arts, Vol. ix., July, 1892, Pp. 124.

Throughout the unscientific, and sometimes undignified, dispute that has gone on for some years as to the comparative merits of the various logical methods of economic investigation, there has been pretty general agreement among the disputants that the mathematical method is especially barren. The method serves an excellent purpose, it is said, for giving clearness and definiteness of expression to conclusions already reached by other paths; but it itself does not lead to important new conclusions. Indeed, this remark is sometimes made with an emphatic complacency that reminds one of the student who expressed a decided preference for Dickens over Thackeray, but confessed at the same time that he had never read Thackeray! A wider acquaintance with mathematics on the part of economists might lead to a change of heart.

Dr. Fisher's essay should go far to redeem the mathematical economics from obloquy, for he has made such an application of the mathematical method as largely cuts away the ground of the alleged objections to it. His work involves, too, the use of the theory of hydrodynamics, so that he relies on physics in his exposition as well as on mathematics. He applies the theory of equilibrium of fluids to the equilibrium of demand and supply, sacrifice and satisfaction, production and consumption, price and value (subjective), illustrating his explanations with diagrams of "cisterns" under pressure exerted through

pistons by means of a series of levers. The water in the cisterns represents supply of commodity, and variation in demand is expressed by a change of pressure exerted by the levers through the pistons. Dr. Fisher neglects the water in the connecting tubes, and indeed its consideration is not necessary to his exposition; but it might be regarded as commodity expended in the friction of distribution. After representing the reaction of demand and supply in various cases by such a mechanism, the essayist discusses the processes analytically. The theory of differentials is used successfully in the discussion of marginal utility. Dr. Fisher begins with the simplest case, that in which the utility of each commodity is assumed to depend solely on the quantity of the commodity itself, and there is only one commodity and one consumer. The discussion is carried from this simple case to that in which the utility of every commodity is regarded as a function of the quantities of all others in the market, and the number of producers, consumers, and commodities, is indefinite. It is impracticable, of course, to give here any of the mathematical or physical processes or proofs; but that Dr. Fisher has done his work in a way which adds to economic knowledge and goes far to silence objections to the mathematical method, is shown by some of his results.

By means of the doctrine of limits the author gives to the idea of "marginal utility" a definiteness that is lacking in the ordinary use of the words. With him, "the marginal utility of a commodity is the limiting ratio of the marginal increment to the magnitude of that increment." This unit he calls a "util." Terminology is, in a way, a minor matter; but it facilitates scientific progress. The use of "util" in some of our discussions would clarify matters.

Again, by means of a mathematical analysis, Dr. Fisher arrives at the most general expression of the relation of prices and utilities. As often stated, the theory is that the marginal utilities of all articles are equal, to the same consumer. Dr. Fisher's statement is that "the marginal utilities of all articles consumed by a given individual are proportional to the marginal utilities of the same series of articles for each other consumer, and this uniform continuous ratio is the scale of prices of these articles." This form of statement of the theorem allows for the differences in value of the money unit to different individuals, on account of differences in income or other causes.

Another point of importance on which Dr. Fisher throws some light is the relation between cost of production and value. As he properly points out, there is no conflict between the two; "price, production and consumption are determined by the equality of marginal utility and marginal cost of production." It is a question of the equilibrium, or the equating, of utility to consumers with disutility to producers.

Dr. Fisher's discussion of the subject of the utility of each commodity as a function of all other commodities in the market contains some hints at a theory of consumption, especially with reference to individual consumption for maximum satisfaction, one of the four great departments into which a complete theory of consumption will have to be divided for investigation and discussion.

From the movement of the point of tangency of the line tangent to an "indifference curve" (the locus of points representing all the possible consumption combinations, of a definite total utility, that can be formed from a given number of commodities), the writer draws a conclusion of great importance for social welfare in the distribution of wealth. He says: "If the poor consumers predominate, the line AB [the tangent to the indifference curve] will follow the general trend of the curves near the origin. If the rich consumers predominate, the line AB will become steeper. That is, the prices of the two qualities [of the same article] separate widely.

"This interprets the fact that in a rich market like New York City a slight difference in quality will make an enormous divergence in price, while in some country towns different grades either do not exist or sell for nearly the same price." An obvious inference is that greatly unequal distribution of wealth tends to put articles of superior quality more and more beyond the reach of poor consumers.

In view of the success of his present effort, it is to be hoped that Dr. Fisher will push still further his application of the higher mathematics to economic investigation.

The appendices contain some matter of value, interpreting the "failure" of some of the equations, discussing the limitations of the mathematical method and giving an outline of its history. Jevons' list of mathematico-economic writers is brought down to date, forming a valuable bibliography.

DAVID KINLEY.

An Introduction to the Study of the Dependent, Defective and Delinquent Classes. By C. R. HENDERSON, A. M., D. D. Pp. 277. Boston: D. C. Heath & Co. 1893.

Mr. Henderson has endeavored to give us a book suitable for class use, thus anticipating a want which, though hardly felt as yet, is certain to develop rapidly in the near future. If so many college students still study the sociology of Rome and Athens, and neglect that of New York and their own township, it is largely because the nearer life is less accessible for lack of books and guidance. To the

live, nineteenth century student, social problems of to-day are not less profitable or less interesting than "gossip about kings."

The author thus suggests his qualifications for the work: "If more than twenty-two years of almost daily contact with the poor in an attempt to help them by personal, parish, institutional and governmental means; if constant study of the greatest writers in medical, sanitary, economic, ethical, religious, political and social science; if long journeys for research in many towns and cities, in America and in Europe; if years of converse and discussion, and correspondence with wise and generous men and women over these themes; if constant experience as an organizer, administrator, trustee and director of important charities; if all this entitles one to offer a humble contribution" etc. The list is an imposing one, but the book seems to justify it.

No part of the subject is neglected and numberless quotations from a great variety of authors, all perfectly pigeon-holed in measured and conspicuously labeled paragraphs, testify to the author's amazing erudition. It is plain, too, that his knowledge is not confined to reading, but that his is a familiarity due in part, at least, to personal contact with the facts he considers.

Such a book cannot fail to be valuable, but it can and does fail to be a great book, or a good one. Having admitted that there is a need of such a book and that it embodies great learning and care, even a certain pronounced system of arrangement, it becomes difficult to urge objections, especially when those objections are as intangible as they are fundamental. A man may know all the details of a subject and not know the subject; he may have familiarity without grasp, erudition without mastery. It is not enough that a book be orderly and symmetrical in the arrangement of its material; it must be organic; there must be vital dependence of part on part. Without this there is no unity or cumulative power. The book has the weakness of eclecticism. No two things are more fundamentally unlike or more easily confounded than non-committal eclecticism and judicial personality. It is the former which, in a measure, characterizes this book. We feel, after reading it, that it has told us many things, but has left us to do much of that which is an author's real work, namely, interpret facts. We do not forget that this is peculiarly difficult in the subject in question and that a satisfactory book is perhaps impossible at present. But if the spirit moves any one else to try, let him not desist through fear that the work is accomplished.

H. H. POWERS.

The History, Organization, and Influence of the Independent Treasury of the United States. By DAVID KINLEY. Pp. viii and 329; Number 1. Library of Economics and Politics. Richard T. Ely, Editor. New York: Thomas Y. Crowell & Co. 1892.

Professor Kinley's book discusses a very live question at a most opportune time. In Congress, among business men, and in academic circles money problems have been uppermost in men's minds throughout this year; and every one is interested in the attempt of economist or technical man to point out the way in which the United States may establish a more perfect fiscal agent than the present independent treasury, and secure a sound and elastic currency.

According to his original plan Professor Kinley purposed only to discuss the influence of the independent treasury on business, but he wisely decided to make this essay chapter six in a larger treatment, whose earlier chapters treat of the old Bank of the United States, the State banks as depositories, the development of the independent treasury, its organization and work, and its management of loans. Though these five chapters make little new contribution to the treatment of the subjects discussed, they present a good deal of desirable information in a useful form, and give greater completeness to Professor Kinley's work as a whole. The discussion of the influence of the independent treasury on business is supplemented by a study of the relation of the independent treasury to crises, and the last fifty pages of the body of the book are devoted to proposals for the replacement of the independent treasury by the reorganization of our national banking system. The appendices to the work include a good deal of useful material, among other things the text of the sub-treasury law.

It is not surprising that Professor Kinley should find that the treasury, in taking varying sums of money from circulation without relation to the needs of trade, exercises an injurious influence on business. Although "the evils which the sub-treasury might naturally be expected to produce have been largely neutralized by a series of lucky accidents," still "some method of keeping the public money should . . . be sought which will do away with these evils." This, of course, involves the substitution of some other agent than the independent treasury for conducting the fiscal operations of the government. "This feature of temporary withdrawals of money is inherent in the 'independent' system of government management of its own receipts."

The independent treasury, according to the author, can exercise a beneficial influence upon a crisis only during the early stages. "In the later stages of such an occurrence its influence is evil to a greater or less degree, according as its receipts happen to exceed or to be less than

its disbursements." If the stringency is caused by the increased demands of business, the absorptions of the treasury make the situation worse, though in the later stages of such a stringency the disbursements by the treasury may have a good effect if they are made before public confidence is too much shaken. "The coincidence of a particular phase, or stage, of the action of the sub-treasury with a particular phase, or stage, of the progress of a crisis is necessary in order that the influence of the sub-treasury may be beneficial. But such a coincidence is purely fortuitous, and this fact deprives the system of all value as a scientific mode of relief in crises." (p. 215.) Furthermore, the relief afforded in crises has been made possible by the existence of a public debt and a surplus revenue. It is our policy to extinguish the debt, and we ought to discontinue the policy of surplus financiering.

These chapters on the relation of the independent treasury to business and to crises are most interesting reading in view of the events of this year. Though the book was written in 1892, the author clearly foretold the results that must follow should conditions exist such as those which have been experienced this year. The events that have actually come to pass tally exactly with the results that were outlined. (pp. 144-145.)

The reorganization of the national banking system, by which Professor Kinley proposes to replace the independent treasury, assumes that the government may safely accept as security for government deposits and for bank note circulation such railway and municipal bonds as Congressman Michael D. Harter has advocated.* The plan is to make the national banks the fiscal agent of the government, they are to handle the receipts and make the payments. A clearing house in each of the four or five most important cities in different parts of the country is to be the agent, with which the government shall have direct dealing; the country is to be divided into four or five departments, each having one of these clearing houses at the head of government's banking business in the department; and every national bank is to become a member of the clearing-house in its department. All the funds are to be deposited—in accordance with several provisions to secure their safety—except the \$100,000,000 "greenback reserve" and the gold and silver bullion by which the coin and bullion certificates are secured. In case the banks have a surplus of earnings above [six]† per cent the government is to receive a pro rata part of the surplus.

To secure elasticity of the currency, the plan provides that under normal conditions the banks may issue notes to the par value of bonds

* For the text of the bill introduced by Mr. Harter December 7, 1892, see the *ANNALS*, vol. iii, pp. 566-569. March, 1893.

† The brackets indicate that the amounts suggested are tentative.

or gold deposited, but that in time of a crisis each bank may expand its issues [twenty-five] per cent above the par value of the deposited security; but only under the following conditions: the rate on call-loans in New York must be [eight] per cent, all net profits above [one] per cent due to the extra issue of notes must go to the government, no bank shall discount below [eight] per cent while the extra issues are outstanding, at the end of a month the Secretary of the Treasury may, and at the expiration of two months' time, must, require the banks to cover the extra issues with deposits of gold. The plan requires each bank to send all notes other than its own to the clearing-house for redemption, and to maintain a reserve of [twenty] per cent of deposits, excepting when discounts on call-loans rise to [ten] per cent in the clearing house cities; in which case, the reserve may fall to [fifteen] per cent of total deposits. The issue of clearing-house loan certificates during a crisis is permitted by the plan, under the conditions by which they are now regulated in New York.

Professor Kinley thus provides for a national bank currency; and declares in favor of the retirement of the existing United States notes (the greenbacks). His position is rightly taken; our fiat money will always be a disturbing element of our monetary system until it is withdrawn, and we decide once for all never to issue any more. Professor Kinley thinks national bank issues would meet all demands for money, but has no objections to allowing State banks again to become banks of issue. Here one may well take issue with him, the practical difficulties in the way of securing a thoroughly sound State bank currency seem to me insuperable. Even the most conspicuous advocate of State bank issues, Congressman Harter, admits "the undoubted fact that national banks would enjoy a higher general credit than State banks." If this be so, why advocate State bank currency? The institutions which issue money ought to be the ones having the higher general credit. A national currency is generally conceded to be preferable to that supplied by the States, provided the former can be made of sufficient volume and elasticity. The experience of other nations shows us that a national currency having these qualities is possible of attainment.

The problems connected with the readjustment of our treasury and currency are intricate and their satisfactory solution must come through the combined labors of economists and technical specialists. Professor Kinley has treated the subject from the economist's standpoint, and takes to the work a mind well versed in economic literature. His book well supplements the treatises and reports of money specialists whose knowledge is chiefly technical.

EMORY R. JOHNSON.

Die Methode einer wissenschaftlichen Rückfallsstatistik, als Grundlage einer Reform der Kriminalstatistik, von DR. O. KÖBNER. Pp. 124. Berlin: Guttentag. 1893.

The foregoing work upon the statistics of recidivism is appropriately dedicated to Professor Böckh, for it breathes the spirit of painstaking thought and irreproachable logic which marks the work of that master of statistical method. It can therefore claim an audience wider than the International Criminal Law Association, for which it was originally prepared, or of those interested only in the treatment of criminals.

The statistics of recidivism which we possess to-day, with trifling exceptions, are, the author contends, fundamentally wrong for the purposes to which they are usually applied. No mere perfection of the existing methods will suffice to bring additional light upon the vexed question at issue. A radical change of statistical methods is necessary for any true progress. Having thus stated his general doctrine, Dr. Köbner brings to its support an acute analysis of the methods now in vogue. According to them the number of recidivists is stated as a certain proportion of the persons accused or convicted of crime in a given year. In other words, of A convictions X persons had been previously convicted of crime and of these X' had received one prior conviction, X'' two prior convictions, and so on. No error whatever can be found in the statement, but the conclusion almost universally drawn from it is at fault. The conclusion is that among criminals such a proportion commit a crime a second time, such a proportion a third time and so forth. From this statement are drawn principles for the guidance of penal justice considerations as to the efficacy of penal systems and the like.

These latter conclusions as to the amount of recidivism are radically wrong since the factors compared are incommensurable. The ideal should be to ascertain how many of the persons convicted of crime in a given year subsequently fall into the clutches of the law. This is not shown by the figures commonly given. The number of convictions of 1891 cannot serve as a basis of comparison for the recidivists of that year, whose first convictions fell in an earlier period. In the first place population has grown, the number of convictions may be larger, in the second place crime ebbs and flows and the year may be one of unusual criminality. By the extent that the number of convictions of 1891 exceeds those of former years, the proportion of recidivism must appear more favorable. On the other hand a considerable number of the persons who in 1889 or 1890 committed crime may be incapacitated from so doing in 1891 by reason of restraint or death. Hence, in the usual comparison, we have on the one side, first crimes from a more or less constant number of persons capable of criminal acts, and on the

other, subsequent crimes from a constantly diminishing number of persons capable of such crimes.

All these factors operate to make the usual statistics deceptive, all showing a more favorable proportion of recidivism than actually exists. What then is the correct method? It has already been indicated. The number of recidivists of each yearly contingent must be compared, not with the general population, but with the number of persons convicted in the same year and capable of recidivism. The concluding proviso is of great weight. From the number of persons convicted in the previous year must necessarily be deducted those actually under restraint for crime or insanity and those who have died. The principle here noted by Dr. Köbner of comparing a phenomenon only with the field capable of producing it, is an eminently just one and applicable to statistics generally. The reviewer has had on several occasions to insist upon its application in our own country. In comparing the crime of foreign and native born, the fact cannot be overlooked that, in the general population the former are mainly adults, while the latter comprise an unusual proportion of children.

Is the ideal of comparing recidivists with those capable of recidivism, possible of realization? Dr. Köbner replies that in the European countries an excellent basis already exists in the judicial registers (*cahiers judiciaires*, *Strafregister*). This institution consists of records kept at the place of birth of all criminals, giving a connected story of their criminal career, noting in addition to their personal characteristics, all the convictions. Whenever a person is convicted of crime the fact is duly certified to the register authority by the convicting court. It will readily be seen how such an organization could be utilized for statistical purposes, especially that proposed by Dr. Köbner. Criminal statistics are to-day statistics of criminal cases, rather than of persons. By generalizing the idea suggested with reference to recidivism and basing all criminal statistics upon these registers Dr. Köbner claims that a salutary reform would be effected, since all duplications would be avoided. The practical working out of this plan belongs rather to the technique of statistics than its method, and we need not follow our author into this field.

We believe that in setting forth the ideas mooted in the work before us we have rendered it greater justice than would be attained by an extended criticism. If to the excellence of the ideas broached, we associate the graces of literary composition, which characterize the work, we can add no greater commendation. One of the chief duties of the professional statistician is to recognize the limitations of his instrument and overcome them. Dr. Köbner has in this work done both the first and the last. Others before him had already accom-

plished the former task, which we think does not sufficiently appear in Dr. Köbner's exposition, but to him belongs the lasting credit of having fulfilled the second requirement.

ROLAND P. FALKNER.

The Referendum in America. By ELLIS PAXSON OBERHOLTZER, Ph. D. Pp. 225. Publications of the University of Pennsylvania. Political Economy and Public Law Series, Vol. IV, No. 12. Philadelphia, 1893.

From time to time some political idea will take possession of the popular imagination, and have a wide run of discussion. The Australian ballot is an example resulting in great success. But each success brings a host of new claimants of more doubtful expediency. Just now the referendum is attracting a good deal of attention. It seems to be regarded as a Swiss institution, and something to be imported. Mr. Oberholtzer has done a service in pointing out, that, although not exactly in the same form as in Switzerland, it has always existed here and flourishes more or less, and with increasing vigor, in almost every State in the Union. The basis of its growth, as he says, is distrust of the State Legislatures. The tendency of State constitutional changes is to diminish the frequency and length of legislative sessions and to restrict the subjects under their control. A notable instance of this is in the matter of the city charters, discussed in Chapter IV, which shows them in some States to have been taken out of the hands of the legislatures, and left to be framed by a committee elected by the citizens, while the completed work is to be again submitted to the people for approval. Mr. Oberholtzer seems on the whole to approve of this tendency toward appeal to the people. We take the opposite view, believing that it really exaggerates the evil it is intended to cure. We cannot state this view better than in the words of a decision of the New York Court of Appeals, quoted in this book, in the case of *Barto vs. Himrod*. It should be premised that this, like all the cases quoted, turns upon the constitutionality of the referendum laws. That is of small importance, as the constitutions can be changed at the pleasure of the people. The real point to be considered is the policy of such laws, though that of course cannot come before the courts.

Mr. Justice Wilson said: "If this mode of legislation is permitted, and becomes general, it will soon bring to a close the whole system of representative government which has been so justly our pride. The Legislature will become an irresponsible cabal, too timid to assume the responsibility of law-givers, and with just wisdom enough to devise

subtle schemes of imposture to mislead the people. All the checks against improvident legislation will be swept away, and the character of the constitution will be radically changed."

The short experience—dating back no farther than this century—of government representative of universal suffrage points to the necessity of greater concentration rather than greater diffusion in the law-making power. The trouble with our legislatures is that they are chaotic bodies of precisely equal units without official leadership or guidance of any kind, and are obliged to get their work done as best they can, by compromise and trading between discordant interests. The first requisites of successful legislation are that it shall be based upon the general interest of the community, and that it shall conform to the requirements of administration. In both these points the legislatures fail utterly. They are made up of local interests working by mutual concessions, without the intervention of any representative of the whole people, or of anybody who is responsible for administration, that is the practical effect of laws when passed. To give a veto to the people upon such legislation will not help the case at all, but will merely relieve the legislation from what little sense of responsibility it now has.

The real remedy for the incapacity of the legislatures is to be sought in the other direction, that is, in widening the functions of executive power. Mr. Oberholtzer omits to notice one form of the referendum, more widely extended than any other, which has prevailed in every State, as well as in the Federal Government, since the formation of the Union, and is unlike anything else in the world, the choice of president, governors and mayors by the people. True popular government is not that where the people try to govern themselves, which always ends and must end in failure, but where they decide how and by whom they will be governed. The people, especially the best part of them, who work hard for a living, and can give but little attention to politics, are but poor judges of measures and policies, but they are excellent judges of men. The arrangement by which the inhabitants of the city, the State and the nation cast their votes, at brief intervals, for a single man at the head of executive power is perhaps the most precious political treasure which this country possesses. It accustoms the people to work together, binds them with the ties of a common interest, teaches them to submit patiently to defeat, and beyond all, brings out the force of the great mass of quiet citizens, who take but little other interest or part in politics. Yet we neutralize this great advantage almost completely by depriving the individual thus elected of all positive power. The president and the governors of the States, whether acting by themselves or by selected officials,

are the only persons who can fulfill the two requirements of successful legislation above indicated. Yet neither president nor governor, unless he will stoop to a game of intrigue, has any more positive influence upon legislation than the average citizen, his power being limited to a veto or negative, that is to saying, what shall *not* be done. The preparation of laws by responsible officials, with a referendum to the legislatures is all that is wanted to prove the truth of the saying of the Englishman, Walter Bagehot, that "if the New England States as a separate nation possessed cabinet government, they would be as renowned in the world for political sagacity as they now are for diffused happiness."

While differing from Mr. Oberholtzer in his conclusions, we are happy to bear testimony to the great value of his work in promoting the study of our State governments, which form, as Mr. Bryce justly says, one of the most fertile fields for the political student which have ever existed.

GAMALIEL BRADFORD.

Boston.

Report of Counsel to Revise the Tax Laws of the State of New York.

By CHAS. A. COLLIN and J. NEWTON FIERO, Counsel. Transmitted to the Legislature, February 3, 1893. Pp. 125. Albany, 1893.

Report of Joint Committee of the Senate and Assembly Relative to Taxation for State and Local Purposes. Transmitted to the Legislature, March 17, 1893. Pp. 602. Albany, 1893.

These two reports naturally supplement each other and together form a most valuable commentary on the present taxing system of the State of New York.

The tone of the first is exceedingly conservative. In twenty-four pages various rival theories respecting State taxation are passed in review and the system existing in New York is criticised. The Counsel declare that the "present system of taxation is unfair, unjust and inequitable." Equity demands that either all personal property shall be reached and subjected to assessment or personal property shall be entirely exempt. The latter alternative is dismissed as ultra-radical. To effect the former the Counsel have drafted a comprehensive tax law, which is appended to their report. The reforms which this law is designed to effect are almost exclusively administrative. Finding even political economists at loggerheads on questions of theory, it has seemed most desirable to the Counsel to propose a law designed to make the best of the system of taxation already existing. Judged from this point of view nearly all of the changes which they propose are in the right direction.

The tone of the Report of the Joint Committee of the Senate and Assembly is much less timid. While approving in the main of the administrative reforms suggested by the Counsel, they think that some more radical changes are demanded. They recommend that a tax be imposed upon all mortgages upon real and personal property and that a progressive succession tax be introduced to fall upon estates of over \$50,000 passing in the direct line. The fact that only recommendations unanimously approved by the committee have found their way into this report, renders its discussions rather unsatisfactory.

Perhaps the most valuable portion of the report is the "testimony" which was heard by the committee while sitting in New York City in December, 1892, and January, 1893, and which forms the last five hundred and seventy-seven pages of the report. As witnesses there were summoned before the commission prominent government officials and business men and their statements throw a lurid light upon the actual methods of tax assessors and collectors in New York City.

We are promised by Mr. Fiero, one of the Counsel, a supplementary report in the nature of a bibliography on State and local taxation in the United States, to be ready in January, 1894.

H. R. SEAGER.

Philadelphia.

The United States, An Outline of Political History, 1492-1871. By GOLDWIN SMITH, D. C. L. Pp. 312. New York and London: Macmillan & Co. 1893.

Thomas Jefferson. By JAMES SCHOULER, LL. D. Pp. 252. New York: Dodd, Mead & Co. 1893.

The hearty reception accorded Dr. Goldwin Smith's "United States," written "for English rather than American readers," insures the appearance of a companion volume. This monograph is truly epoch-marking. For the first time, the American reading public are listening to the other side of the unhappy quarrel with the mother country from the lips of an Englishman—an Englishman who regards the American Commonwealth as "the great achievement of his race." A genius for generalization and a fascinating style enable him to tell the whole story from 1492 to 1871 within the limits of a duodecimo of 312 pages.

The mother country had her first historical advocates in Jared Sparks, and Lord Vernon, Earl Stanhope; but Dr. Smith alone has been granted leave to speak his mind freely in our court of public opinion. With all his skill and eloquence, he has not proved his case, but the effort will promote kindlier feelings between the parted branches

of the Anglo-Saxon race. Separation, the author tells us, was inevitable, but it would better have been amicable. The Revolution set up a fallacious ideal of political character. "Patriotism was identified with rebellion . . . The sequel of the Boston Tea Party was the firing on Fort Sumter." His indictment of George III., Grenville, Townshend, North, Mansfield, Samuel Adams, Patrick Henry, and others who fomented the quarrel, is one of the most eloquent passages in the volume. Washington, Franklin, John Adams, Jefferson, and colonial legislatures are quoted to prove that the desire for revolution was not general. The author even declares that there was no revolution at all, but a "civil war," like to that of York and Lancaster, Cromwell and the royalists. We are told that no less than 25,000 American loyalists took up arms for the crown, to say nothing of hundreds who left the country.

His treatment of the War of 1812 is unique. America's claim to neutral trade is not allowed because the trade was really "war in disguise. . . . It was carrying supplies to a place besieged," as France then was. But as to the impressment of our seamen, England was clearly in the wrong. American thinkers from Gallatin down, who see in the War of 1812 the consolidation of the American union and the happy completion of the movement away from Europe, are remote from Dr. Smith's point of view. Internal improvements and inventions, we are told, were the true instruments of consolidation; the migration westward, not the war, promoted mental independence of Europe.

The chapter entitled "Rupture and Reconstruction" is one of the best short accounts ever written of our late war, in which, as is well known, the author sympathized with the North. Dr. Smith is at his best in character sketching, and some of his epigrams about the fathers of the Republic will prove long-lived. Only Washington, Hamilton and Lincoln are spared the hard blows administered to Franklin, Jefferson, Patrick Henry, Samuel Adams, Clay and Jackson. Without Washington, the cause of America would, he thinks, have been ten times lost. "History has hardly a stronger case of an indispensable man." An "English gentleman sees in Washington his ideal as surely as he does not see it in Franklin, Samuel Adams, or Patrick Henry." Franklin is condemned for a share in the Hutchinson letters, as though the final word had already been said on that subject. Samuel Adams is roundly scored for incarnating the policy ascribed by John Stuart Mill to the typical Englishman of "living under the shadow of some conventional thing—some agreement to say one thing and mean another." Called to the consideration of Patrick Henry, the author dips his pen into gall, though strangely enough he fails to note the conditions under which Henry was converted to Federalism.

He strips Clay, the anti-British "war-hawk" of his finest feathers. Webster, "as an orator of reason," Dr. Smith believes, "has no superior, if he has an equal, in the English language. . . . He swayed the opinions of all men; but he did not, like Clay, win their hearts. . . . his moral strength was not equal to his power of mind." American personality reaches its high watermark in Lincoln.

Any one can write a book accurate as to facts and dates; but no one else, Professor Alexander Johnston perhaps excepted, has marshaled the acts, facts, dates of our history on a small plane with such striking success. Dr. Smith's recent letter stating the physical embarrassments under which he labored in the preparation of this compact, but not incoherent volume, obliges the reviewer to refrain from pointing out some typographical errors and erroneously quoted passages. The review would be incomplete, however, without noting a few errors that will probably be corrected in the next edition. The remains of the old church at Jamestown (page 3) do not date, says a recent writer in *The Nation*, from the first settlement. Roger Williams was an Englishman, not a Welshman (12). The Charter Oak was in Connecticut, not in Rhode Island (34). It was over "the whole barrel" of "salted provisions," not of "red herrings," (63) that Franklin is reputed to have advised his father to say grace. The author accepts as true (121) the speech attributed to Washington at the opening of the Convention of 1787; but recently discredited by the Hon. H. C. Lodge, in his "Washington" (Vol. II, p. 32, foot-note). The political significance of the Chase impeachment is not stated (161). Benton was a Senator for more than twenty years (185). There is some confusion on page 191 as to the competitors for the succession to Monroe, and John Adams is by a slip called "the first President." The index, though in the main satisfactory, gives no special reference to the purchase of Louisiana. The most serious omission seems to have escaped every reviewer; the more surprising this because more than one hails from the West. Public interest in the Western lands, so potent in holding the States together from 1781 to 1787, and the Ordinance of 1787 deserve consideration in every volume, however small, on our political history.

Dr. Schouler's biography of Jefferson is an opportune reply to Dr. Smith's flings at the sage of Monticello. For the "Anas," or for Jefferson's occasional lapses into dissimulation, the author attempts no apology; but he does emphasize the essential sincerity of Jefferson's character. He does show conclusively that the mitigation of the evils of slavery and its final abolition were among Jefferson's dearest ambitions. The humane stipulation that negroes should not be bled appears in the contract with an overseer. Years before Jefferson in 1776

fulminated against George III., he tried in vain to persuade the Virginia House of Burgesses to legalize the manumission of slaves; and in 1778 actually carried through the Virginia Legislature a bill prohibiting slave importation, under penalty of slave manumission. Jefferson's plan of 1784 for the organization of the Western territory failed chiefly because it provided for free States south as well as north of the Ohio. Dr. Smith cannot have forgotten Jefferson's joyful message to the Congress of 1806-1807, that in another year the legal abolition of slave importation would be permitted by the Constitution, nor the pleasure with which the President signed the law effecting it. True, Jefferson was drawn by sectional sympathy toward the South in the great Missouri question, but he never renounced his conviction that slavery was an evil to master and subject alike. In his last years he tried to rally his State to purge her institutions of slavery, and capped a life-long protest against the evil by a will freeing his most faithful slaves.

The readers of Dr. Schouler's useful contributions to our historical literature may be pleased to hear that the style of this narrative is less florid, and the index somewhat fuller than is usual with the author. The volume is not flawless. An age made familiar by every "patent-inside" weekly with the Darwinian theories is scarcely likely to discriminate on page 29 between Charles and Erasmus Darwin. Hasty proof-reading probably explains the obviously erroneous date on page 227. But these are mere flecks in a work that deserves a place by the side of the early volumes of his well-known history.

The strange contradictions between Jefferson's political theories and between his theory and practice, the author, warned perhaps by the fate of all the other biographers of Jefferson, has forborne to treat in any fullness. He has contented himself with a clear analysis of the fundamental differences between the man Jefferson and the man Hamilton. He traces the immense popularity of the first Republican president to the well-known fact that Jefferson led the people in the direction of their best impulses. The unique merit of the book is in the prominence its author, a Boston lawyer and lecturer at the foremost Southern University, gives to Jefferson as lawyer, legislative reformer, and founder of a university. Dr. Schouler has done well in uncovering a fact, worthy to be more widely known, that Jefferson's plans, formulated as early as 1779, included, besides a university, a system of district, grammar and classical schools open to all.

LYMAN P. POWELL.

Philadelphia.

Cases and Opinions on International Law. By FREEMAN SNOW. Pp. xl and 586. Boston: The Boston Book Company. 1893.

Within the last twenty years a revolution has been effected in the methods of instruction in many of our best schools of law, through the introduction of the case system, displacing to a greater or less extent the old-fashioned method of textbook and lectures. It may, perhaps, well be doubted whether the science of International Law has as yet established itself with sufficient authority and precision to render it possible to make use of adjudicated cases to anything like the same degree as is both possible and advisable in the study of the common law. Before tribunals dealing with questions arising under International Law text-writers still command a respect and weight no longer accorded them in other courts to an equal degree, at least in English-speaking countries. And yet, in England and the United States at any rate, where precedent counts for so much in legal decisions, it seems as if the tendency might be toward rendering International Law more and more nearly, though perhaps never completely, a system of case law. But at all events decided cases already have a large influence in determining the decision on new cases, and the student and lawyer alike owe a large debt of gratitude to Dr. Snow for bringing together into one volume more than two hundred cases and opinions, many of which are otherwise scarcely accessible, except in reports, series and collections seldom found outside of the large libraries. It is a special merit of the book that the exact language of the judges is given, for the most careful summaries often fail to convey the precise shades of meaning contained in the original decision; the great value of this plan may be seen in such leading cases as *Queen vs. Keyn* (pp. 55-71), "*Exchange*" *vs.* *McFadden* (pp. 103-113), and many others. An appendix contains the various authoritative declarations, instructions, etc., relating to the laws of war, as well as an account of the Behring Sea arbitration and decision of 1893. Moreover, teachers especially will appreciate the syllabus of references to authorities on nearly two hundred topics in International Law. We bespeak for Dr. Snow's volume a generous reception as a work of reference and, wherever practicable, as a book to be put into the hands of each member of a class for use in connection with text-writers.

C. F. A. CURRIER.

The Science of International Law. By THOMAS ALFRED WALKER, M. A. Pp. 544. London: C. J. Clay & Sons. 1893.

There is much in this work which will merit careful examination. Its main position, and one which lends a peculiar flavor to the whole work, is the assertion that international law is a science and not a

mere body of practical rules by which nations have agreed to regulate their intercourse with one another. Several chapters are devoted to a refutation of the Austinian doctrine that law is the "command" of a sovereign to subjects who are bound to obey. Such a definition of law, it will be seen, precludes any possibility of a conception of international "law" at all, since there is no common sovereign. This is a proposition standing at the basis of the whole science, but in order that we may accept it as a legal one, the element of "command" in law must be shown to be non-essential. The refutation of this idea, herein contained, is threefold in character; first, "that custom precedes law and the judge the law-giver;" second, on philological grounds that *jus* is not the "*jussum*," law is not "that which is commanded;" third, the objection of common usage. The discussion is valuable and the points seem to be well taken. It cannot, however, be classed as easy reading, and the multiplicity of capital letters, italics and quotation marks does not tend to facilitate matters.

As to the subject proper, there is evidence of considerable original investigation, and there are copious notes and references. The treatment of some subjects is particularly full. For instance, on the Behring Sea dispute there is an extended discussion of the points at issue. It is much to be regretted that the recent decision of the Paris arbitrators could not have been included, for it would have given us one of the fullest discussions of the subject. In places the style becomes slightly heated, as for example, when a paragraph is concluded with the statement that the negotiations were "in the interests of a trading monopoly and a certain four per cent," adding that "consistency is in politics a doubtful virtue, but honesty has yet its charm." In places there might be some question with regard to the arrangement, as when the right of search and impressment with its incident outrages is discussed under the head of "neglect of international courtesy." But the tone is candid and fair, whatever may be said as to the arrangement. The book is one which is more suitable for reference and for the use of advanced students than for beginners. Parts of it are scrappy; other sections are argumentative, and still others are mainly valuable for their suggestiveness rather than for their conclusions. Every well-chosen library of international law should nevertheless contain a copy of the work. It shows evidence of trained research; and although it cannot be compared with Hall's "International Law" as a standard work, it may yet be used with profit as a supplement to it, particularly in its earlier chapters on the History and Nature of the Science.

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An Old Master, and Other Political Essays. By WOODROW WILSON, Pp. 181. New York: Charles Scribner's Sons. 1893.

In this attractive little volume Professor Wilson has gathered together five essays. The first, "An Old Master," and the second, "The Study of Politics," are republished from the *New Princeton Review*; the essay on "Political Sovereignty" appears for the first time; the two on "Character of Democracy in the United States" and on "Government under the Constitution," have previously appeared in the *Atlantic Monthly*.

The real purpose of the essays and of their publication in book form is rather to reach lay readers than to accomplish any doctrinal intent; but when one speaks who has the reputation which Professor Wilson justly holds in the literary and scientific world, his utterances cannot avoid influencing doctrinal opinion. If they contain any error, the fact should be revealed by the search-light of doctrinal criticism.

In the first of the five papers Adam Smith and his work are used to emphasize the educational importance of the employment of a literary method in the class-room lecture. The thought of the essay, that higher education should not "be cut off from communion with the highest of all forces, the force of personal inspiration," is of great educational importance. Were more lecturers to follow the example of Professor Wilson in studying Adam Smith and other masters of the art of class-lecturing we should see a great widening of the teacher's influence within and beyond the walls of the lecture-room.

The essay on "The Study of Politics" incidentally brings out Professor Wilson's conception of economics and of the relation of this science to the study of politics. Though claiming to accept the principles of the Historical School, he ridicules their methods as crude. "How is the world," he says, "to contain the writings, statistical, historical, critical, which must be accumulated ere this enormous diagnosis of trade and manufacture, shall be complete in its details? And after it shall have been completed in detail, who is to be born great enough in genius and patience to reduce the mass to a system comprehensible by ordinary mortals?" What the historical economists really want, he maintains, is not, as they suppose, a more *scientific* method, but a higher *literary* method, by which Professor Wilson means a method which, in its highest manifestation, sees man acting under all his motives at once. In order to understand these motives and to depict the operation of the psychic factors of economic life, the economist must welcome and not decry the free use of constructive imagination.

This is a valid criticism of a good deal of the more recent work of the Historical School; but applies in much less degree to the writings of the older German thinkers, such as Hildebrand, Knies, or even

Roscher. Professor Wilson is correct in saying that students of economic history should possess the vivifying power of a constructive imagination; but his criticism should have gone deeper. Economic study consists of more than a vivid presentation of the past; it ought to *do* this, but the science proper *is* a body of doctrine. The basis of the science is subjective, its laws are obtained by psychological analyses. Economic science and economic history are the two parts which comprise the whole subject. The two parts, having been developed, are of course to be brought together; the laws of economic science are active in economic history.

In Professor Wilson's mind, politics and economics are studies essentially similar in character, for both are studies of the life of man in society. This view seems to misconceive the fundamental character of both economics and politics. Professor Wilson lays himself open to the same criticism that may be made of the Historical School generally. When Adam Smith set off the science which has since been named Political Economy, and has later come to be called Economics, from the other sciences, by declaring it to be the one based on motives of self-interest, he made a most important distinction. Economics, as a science, deals only with utilities, is the science of utilities, and, in the ultimate analysis, is synonymous with utilitarianism. Politics, as a science, is something quite different from this. In economic life the original instincts are those of self-interest: and these remain the dominant ones, however greatly in the highly organized condition of modern life they may be modified by social instincts. In political life, however, the dominant instincts are always the social. Here the individual does not measure utility against utility in deciding upon a course of action, but follows mainly the promptings of complex feelings.

The essay on "Political Sovereignty" is a very suggestive one. After passing the views of Thibaut, Savigny, Austin, Sidgwick and others in hasty review the author comes to the conclusion, as accurate as comforting, that actually unlimited sovereignty is something which does not exist. To seek for it in any particular State is to search for the philosopher's stone. "Sovereignty is the highest political power in the State, lodged in active organs, for the purposes of governing," no matter to what extent that power may be limited, provided it is not so limited as not to be in any real sense the presiding power, making choice of all the more considerable issues of policy.

The two chapters on Democracy in the United States, and on Government under the United States, are the best written of the five; and contain, among other things, the strongest statement I have seen of Professor Wilson's argument for some form of cabinet representation in the United States, for "coherent plans from recognized party leaders,

and means for holding those leaders to a faithful execution of their plans in clear-cut acts of Congress."

EMORY R. JOHNSON.

People's Banks. By HENRY W. WOLFF. Pp. 261. London: Longmans, Green & Co. 1893.

By *People's Banks* the author means co-operative banking. In other words, combination for mutual financial aid. As he points out in the introduction and first chapter, the really honest poor do not want to borrow from philanthropic societies, but the vagabond class are anxious to do so. This was clearly shown in the Duke of Saxe-Coburg's experiment. The Duke founded a number of non-co-operative philanthropic banks, which soon closed their doors for want of the right kind of customers. The testimony is that these honest people do not want a gift, but an instrument of self-help. Many of the men needing capital have no capital guarantee to secure repayment, so the problem is to give credit to those who have no material security to offer. This must be done, as Signor Luzzatti puts it, by "the capitalization of honesty." Scholars are, of course, familiar with subject treated, but the importance of the question makes desirable a widespread discussion of the main features of this volume. To show how the idea has been developed, the author takes up in succession the various modifications of the two systems of co-operative credit as worked out in different countries. He maintains that the founders of co-operative credit have in view the same goal, though they start from two distinctly opposite points, and, "barring *unlimited liability* and the pursuit of thrift," have nothing in common.

The Schulze-Delitsch credit associations of Germany constantly put the *lender's* interest foremost; Herr Schulze's aim was a business one. Raiffeisen, on the contrary, who founded the loan banks of Germany, places the *borrower's* interest as the keystone of his system. He aims at social benefit, not at business profits. Every member joining one of the Schulze associations is expected to take one share valued at from \$40 to \$125 (each association determining the value of its shares). This share may be paid for in small installments. The shares draw dividends ranging from one to thirty per cent. Some associations have declared dividends of nearly sixty per cent. This is gained by charging a somewhat high rate of interest. Loans are only made to members and are for short periods, never more than ninety days. As security, mortgages, pledges, bills and sureties are taken. These associations are managed by a well-paid committee whose salaries are increased by commissions based on the amount of business done.

In order to increase their commissions a committee often take bad securities. In 1892 there were 1076 of the above-named associations, these gave credit to the amount of \$390,152,330. The associations borrowed about one-fourth of this amount, mostly from private individuals.

In his discussion of the other German system, the author points out that the Raiffeisen loan banks were established to assist borrowers, and at the same time to free the small agriculturalists from the merciless grasp of usurers. In 1849 Raiffeisen set up his first loan bank and offered to supply the peasantry with money if they would subscribe to his rules. As his aim was to benefit the poorest classes he exacted nothing from those joining, and as most members were agriculturalists, he made long credits the rule. Each bank membership is confined to a small district. Within this district members are elected with great care and discrimination. No difference is recognized between the poor and rich except that the latter are allowed to take the brunt in the administration. There is an executive committee consisting of five members and a council of supervision consisting of six or nine members according to the size of the banking society. None of these officers receive a cent of remuneration. Only one man connected with a bank is paid, viz., the cashier, and he has no say whatever in the employment and the distribution of the money. All banking in the ordinary sense is strictly forbidden. The banks are *loan* banks and their sole instrument is credit. No dividends are paid. All profits go into a reserve fund which is used to meet deficiencies or losses or it is voted to some public work or charity. Money is loaned only to members and no request for a loan is granted until after a careful examination is made into the object of the loan, whether it is economically justified and if found to be so the applicant for a loan is never refused. When the money is granted it must be used for the specific object for which it was requested. The rate of interest usually charged is five per cent. The banks obtain their money from various sources, paying from three and one-half to four per cent. They have more money than they can use, as their reputation is excellent. In the forty-three years of their existence neither member nor creditor has ever lost a penny. The lending is on character, no pledges or mortgages are taken as security, but simply a note of hand backed by one or two other members. It is thought by many that one of the strong points of these *loan* banks is that they are based on the *unlimited liability* of members.

The author estimates that there are about one thousand of these loan banks in Germany alone, and the system, with slight modifications, has spread itself over Austria, Hungary, Russia and Italy. The author discusses the benefits of the loan bank system, and sums up its financial side in "millions of money lent, mostly to poor people, and not a

farthing ever lost." Besides, the system trains even rude peasants to strict business habits. After giving an account of the great co-operative strife in Germany and also the co-operative congresses held, the author describes, at length, the Schulze-Delitsch system as adopted by Signor Luzzatti to suit Italian conditions under the name of the "Banche Popolari," and further how the Raiffeisen Loan Banks have been modified to suit the same country by Dr. Wollemburg. In the chapters following he describes the co-operative banking in France, Belgium and Switzerland, and concludes the book with a strong plea for the establishment of similar banks in England.

The introduction to the book unfortunately has too much the tone of the reformer to convince one of the reliability of all the author's statements. One feels that the author regards people's banks as a panacea for all industrial ills. These banks are styled a "second California." In addition to this the book is not well arranged and is redundant. The same field could have been covered as thoroughly in far fewer pages. But the book is of much value; it again brings before the public in an emphatic way the important subject of successful co-operation.

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NOTES.

MR. BRYAN'S little book on the Mark* is the work of an intelligent man upon a difficult and much disputed subject, and it gives an intelligent account of many of the points in controversy. As a one-year production it is based on a reading knowledge of known authorities and frequently printed texts, and elaborated with arguments generally sensible and sound. The dangers attending so short an acquaintance with the subject are evident in Mr. Bryan's unqualified obedience to the guide who suggested the task to him, and an occasional pugnacity which has a little of the character of the traditional chip on the shoulder. We wish that he had been as independent as he promised to be in the preface, for with all the good points of this essay, and it has many, we feel from the first that Mr. Bryan is more or less in leading strings, and we know without further examination to which of the "schools" he has been attached. Nevertheless he reviews in excellent form, and generally with clearness of expression, the history of the Mark theory and the character of the primitive and mediæval evidence. He gives résumés of the work of Seeboim, Fustel de Coulanges, Vinogradoff and Adams, and cites from Allen, Ashley, Gomme and others. On the whole his arguments are temperate, although he is a disbeliever, as is his master, in anything called a Mark, or in anything like a village community stage in economic progress. Fortunately, however, this is not the day for such definite statements upon this subject, and Mr. Bryan's remarks must be taken for what they are worth. Perhaps the least effective chapter is that on the Mark in America, in which Mr. Bryan has set up a man of straw only valiantly to charge it down. No one nowadays takes the idea of institutional retrogression seriously, not even the chief author of it, and to one who knows this Mr. Bryan's witticisms are even more amusing than they seem. However this little book will be useful, if only to those who, unwilling to read larger works, will find it convenient to accept Mr. Bryan's way of looking at the subject.

THE FIRST volume of the third edition of "The American Commonwealth," † by James Bryce, appeared some months since, and the second volume is now in press: Although Mr. Bryce has "carefully

* *The Mark in Europe and America, a Review of the Discussions on Early Land Tenure.* By ENOCH A. BRYAN. Pp. 164. Boston: Ginn & Co. 1893.

† *The American Commonwealth.* By JAMES BRYCE. In two volumes. Vol. I.—The National Governments: The State Governments. Third edition. Pp. xvii. 724. New York and London: Macmillan & Co. 1893.

revised throughout," and has qualified numerous statements, he has not added materially to the length of the former edition. The principal changes made are those that the admission of six States into the Union, and the growth in population, have rendered necessary. The third edition is the same in appearance as the second, and the changes are hardly vital enough to make it necessary for one who owns the second edition to purchase the third.

HELEN CAMPBELL has given a modest presentation of facts regarding the employment of women and the conditions, past and present, of that employment.* The most of the book is historical and seems to be at once deeply sympathetic and scrupulously fair. The writer's research has been extensive and her choice of facts judicious. She has evidently tried to be untechnical in expression, but has nowhere yielded to the temptation to be sensational, and so the book excites neither tears nor indignation, but simply interest. The concluding chapters discuss "Evils and Abuses," which are excellently summarized but not exaggerated, and "Remedies and Suggestions" which are temperate and sensible. Much is expected from the improvement of factory laws, the development of co-operation and profit-sharing, the organization of women and the limitation of competition in its fiercer aspects by forces now in operation. Above all, and through all, we must rely on education, ethical and intellectual, of workers, employers and consumers who must all co-operate in a reform. Apparently the book is designed to popularize science rather than to make original contributions to it, but it is to say the least far superior to most such books. It combines in rare balance sympathy and dispassionateness, two qualities which, in social studies at least, can not be divorced without detriment. The writer has wisely avoided the discussion of those deeper problems of distribution which are suggested by the extension of wage-earning among women and has likewise avoided the more serious danger of urging reforms inconsistent with economic principles.

ONE OF THE MOST valuable reports that the United States Government has made is a recent publication of the Labor Bureau. It is the fifth special report of the Commissioner of Labor, in which Dr. E. R. L. Gould discusses "The Gothenburg System of Liquor Traffic" in an exhaustive and thoroughly scientific manner. This system originated in Gothenburg, Sweden, in 1865, and by it the sole right to sell brandy or other alcoholic liquor in any locality is transferred to a single company, which is required to conduct the business in accordance with

* *Women Wage Earners*. By HELEN CAMPBELL. Pp. 313. Boston: Roberts Brothers. 1893.

stringent regulations and to turn over all surplus profits—usually those above six per cent—to the local government to be expended for the benefit of the working classes. It is true, as Carroll D. Wright says in the letter of transmittal by which he prefaces the report, “that among all those social questions which at the present time occupy the attention of thoughtful men and of governments none seem to present considerations of greater importance than the regulation of the liquor traffic. For a quarter of a century, at least—he adds—Norway and Sweden have led the way in Europe in their efforts to lay down a satisfactory basis of control.” The nature and results of those efforts are given in the five chapters of Dr. Gould’s Report. The chapters are entitled: History of the Scandinavian Liquor Legislation and the Establishment of the Gothenburg System. Liquor Legislation in Sweden and Norway. The Company System in Operation. The Economic and Social Results of the Company System. Advantages and Disadvantages of the Company System. Dr. Gould’s conclusion is that, though the system is not perfect, “it represents the best means which have yet been devised for the control of the liquor traffic where licensing is permitted at all.” The question whether such a system is applicable to American conditions is one that is of especial interest to us. Dr. Gould has discussed this in the October *Atlantic Monthly* and thinks that in spite of the difficulties which our political conditions oppose to carrying out the system, the Norwegian modification of the Gothenburg is the best model to be followed. “Why not,” he says, “invite the struggle openly on the only plan of control which eliminates the political influence of the liquor interest and abolishes altogether the saloon as we know it to-day?”

PROFESSOR HART has gathered into a bound volume* ten of his previously published essays and one other, on “The Chilean Controversy,” which now appears for the first time. The eleven essays treat of “The Speaker as Premier,” “The Exercise of the Suffrage,” “The Election of a President,” “Do the People Wish Civil Service Reform?” “The Chilean Controversy,” “The Colonial Town Meeting,” “The Colonial Shire,” “The Rise of American Cities,” “The Biography of a River and Harbor Bill,” “The Public Land Policy of the United States,” and “Why the South was Defeated in the Civil War.” The two essays on “The Rise of American Cities,” and “Why the South was Defeated in the Civil War,” are to be especially commended to those who desire to obtain a clear, concise and accurate analysis of the economic forces which decide where and how cities shall grow up, and which determined the issue of that

* *Practical Essays on American Government.* By ALBERT BUSHNELL HART, Ph. D. Pp. 311. New York: Longmans, Green & Co. 1893.

long struggle between the North and South which culminated in the defeat of the South in 1865. The essay on "The Exercise of the Suffrage" is also well written. Professor Hart shows that, in the presidential elections, the vote which stays at home from lack of interest is but small. In State and local elections the neglect to vote is greater, and is really an important question. He does not believe in compulsory voting, and thinks that any attempt to compel voters to exercise the right of suffrage would be undesirable.

THE SIXTH EDITION of "The Elements of Jurisprudence,"* by Thomas Erskine Holland was issued from the Clarendon Press last September. The author has given the work a careful revision, but without adding to the size of the volume. The German and Greek definitions in the early chapters of the work have been translated.

THE GOVERNMENT PRINTING OFFICE at Washington has recently issued several publications which are of interest to students of social science. The report from the Department of Labor upon the Gôthenburg System of regulating the liquor traffic is noticed elsewhere.† From the Bureau of Education we have a "Circular of Information"‡ prepared by Dr. MacDonald, the specialist on the relation of education to crime. The first two hundred pages present a compilation of opinions, largely from foreign literature, upon such subjects as criminology, alcoholism, insanity and genius. The chief merit of the book lies in the fact that it introduces the English reader to a large field of literature that is not generally accessible. An apparent lack of discretion, however, and a disregard of the relative importance of different writings detracts much from the value that the book would otherwise have as a guide to the literature of social pathology. A bibliography of 228 closely-printed pages is noteworthy for its size rather than for completeness. The most of the extensive bibliography given in the author's book on "Criminology" is found here, though under a different classification, and many additional writings are included to cover the broader field of the present work.

In February, 1892, a circular was issued by the Department of State at Washington directing the consular officers in all parts of the world to report upon certain questions in regard to the management of tramps and beggars and the distribution of alms in the places to which they

* For a review of the fifth edition consult the ANNALS, vol. ii, p. 269.

† See page 196.

‡ *Abnormal Man, Being Essays on Education and Crime and Related Subjects, with Digests of Literature and a Bibliography*, by ARTHUR MACDONALD. Pp. 444. Washington: Government Printing Office. 1893.

were respectively accredited. The answers received * naturally vary much in merit. Some of the consuls reveal rather crude ideas in regard to charitable work, and many of them report the prevalence of exceedingly crude and wasteful methods of coping with the problems of pauperism; but the reports as a whole, contain a rich fund of information. A supplement contains a translation of the Poor Laws of Germany and a full report upon "Charities in the Netherlands," and "The Public Loan Office of Florence."

NOT EVERY STUDENT of the Convention of 1787 who wishes to place Madison's "Journal" on the shelves of his library can afford to purchase "Elliott's Debates," in five volumes. To him a Chicago publishing house has rendered a good service by reprinting the "Journal."† in a single volume from the edition of 1840, which was published under the direction of the United States Government from the original manuscripts. The volume is almost unwieldy, but the paper is good and the type clear. Above all, the index, general and analytical, is excellent. The volume is, indeed, an important contribution to that increasing stock of historical literature which serves the worthy purpose of popularizing original contemporary documents.

TWO RECENT works‡ edited by Thomas H. McKee furnish in small compass and handy shape material which one often needs close at hand. The "Inaugurations" includes not only inaugural addresses, but also a certain amount of historical matter; while the volume of party platforms gives, in addition, tables of electoral and popular votes, the political complexion of Congresses, and useful appendices, but it can hardly take the place of Stanwood's "History of Presidential Elections."

A NEW TRANSLATION of Rousseau's "Social Contract" § has long been a *desideratum* in the study of the revolutionary period in France. The English versions had practically disappeared from the book market, consequently, no one unacquainted with French could avail himself of this, historically, most important work of the eighteenth century. The

* *Vagrancy and Public Charities in Foreign Countries*. Special Consular Reports, Issued from the Bureau of Statistics, Department of State. Pp. 369. Washington: Government Printing Office. 1893.

† *Journal of the Federal Convention*; kept by JAMES MADISON. Edited by R. H. SCOTT, Pp. 805. Chicago: Albert Scott & Co. 1893.

‡ *Presidential Inaugurations, 1789-1893*, Pp. 166; *National Platforms, 1789-1892*, Pp. 206. Washington, D. C.: Statistical Publishing Company.

§ *The Social Contract, or the Principles of Political Rights*. By JEAN-JACQUES ROUSSEAU. Translated by ROSE M. HARRINGTON, with introduction and notes by EDWARD L. WALTER. Pp. Ill, 227. New York: G. P. Putnam's Sons. 1893.

present translation is correct and clear, reproducing something of the style of the original. The introduction by Professor Walter is helpful, especially if supplemented by John Morley's criticisms or those of Taine. He has judiciously added a few explanatory notes, but leaves out several of those by Rousseau himself which are not wholly devoid of interest and the omission of which ought to have been indicated. The work while brief is of the utmost importance to the student of history, especially in understanding the Reign of Terror. It is a great pity, however, that the "Discourses" were not included, as Rousseau and his influence can not be fathomed without them.

MR. HERBERT M. THOMPSON has made an endeavor to clear up some of the difficult problems surrounding the subject of the theory of wages. The book * is marked by an earnestness which makes one regret its failure to attain much of its purpose. The opening chapter is devoted mainly to a proof of the propositions that the whole product of industrial society is a varying one, and that the share which goes to each factor of production is a varying part of the total product. The author devotes his last chapter to working out various labor problems, such as the effects of the introduction of an eight-hour day, trades-unions, increase or decrease of population, education, etc., in a way which, although very interesting, does not lead to any very definite results. Concerning the introduction of an eight-hour day, for example, the author thinks that labor would become scarce, capital and land would be withdrawn, and entrepreneurs would be discouraged. The total product must become less, though not in proportion, and it is likely that in the division of the total product of industry, rent, interest and profits would sink proportionately to wages. The per capita wage would probably be less, but the laborer would receive more per hour than he did before. Mr. Thompson concludes that in order to estimate the effect on wages of a reduction of the hours of labor, we must know the amounts of variation of all the other elements of production. The discussion, though interesting, does not throw any new light on the difficult subject of a law of wages.

THE HISTORIAN is frequently indebted to a specialist in some other branch of learning for the preparation of historical materials. But the work is seldom so well done as in Dr. Turk's monograph.† The bibliography, description of the manuscripts, and literary observations, form an excellent introduction to a carefully collected text.

* *The Theory of Wages and its Application to the Eight-Hours Question and other Labor Problems.* By HERBERT M. THOMPSON, M. A. Pp. xxiv, 140. London: Macmillan & Co. 1892.

† *The Legal Code of Alfred the Great*, edited with an introduction by MILTON HAIGHT TURK, Ph. D. Boston: Ginn & Co. 1893.

The parallel Latin extracts for the passages from the Vulgate used by Aelfred enable us to criticise his workmanship. The date assigned by conjecture for the publication of the Code is 890.

The work would be above criticism but for its too close adherence to German methods. There is no index. The use of abbreviations in the introduction is not uniform and is, in many cases, unwise. Some of the sentences (*e. g.*, pp. 47, 48) are distinctly German in their construction.

MR. HORACE WHITE has published a recent address on "An Elastic Currency,"* that supplements well the paper which he presented to the American Academy of Political and Social Science a year ago on "National and State Banks." Mr. White would secure an elastic currency by substituting a safety fund in place of present deposits of bonds as security for the circulating notes of banks. The successful career of the banking experience of the Wisconsin Marine and Fire Insurance Company between 1839 and 1852 is made use of to show the efficacy of good bank money in providing an elastic medium for effecting exchanges; while the sufficiency of a safety fund for securing the circulation of banks is declared to be shown by the fact that without the security of deposited bonds, the United States would have lost only \$953,667, from the time of the establishment of the National bank system up to June 30, 1892, by relying on a first lien upon the assets of defaulting banks from which to cover the expense involved in redeeming the notes of failed banks. At the end of the address is the text of a bill to amend the present National Bank law so as to substitute a safety fund for bonds as security. Mr. White drew up the bill at the request of Congressman J. H. Walker, who introduced it into the House of Representatives.

IN THE October *Quarterly Journal of Economics* is a lengthy and able article by Professor Taussig on "The Duties on Wool and Woolens." This supplements well the discussion of the question in Professor Taussig's "History of the Tariff of the United States," and is especially opportune, because of the present discussions in and out of Congress concerning free wool. Attention ought also to be called to an article by Edward D. Page on "The Woollen Tariff," reprinted in pamphlet form from the *American Wool and Cotton Reporter*. The most valuable parts of the article are the discussion of the effect which the duty on raw wool has had on our manufactures of woolens, and the argument in favor of ad valorem as opposed to specific duties on woolens.

* *An Elastic Currency*; "George Smith's Money" in the Early Northwest. An address to the American Bankers' Association at Chicago, October 19, 1893, by HORACE WHITE. Pp. 10. New York: The Evening Post Job Printing House. 1893.

MR. WILLIAM W. BATES, the author of the recent work on "The American Marine,"* submits to the Academy the following suggestive information regarding America's place in ocean carrying trade. "The proportionate participation of ten different flags in the carriage of foreign commerce at Antwerp, Bremen, Hamburg, Havre, Liverpool, London, Rotterdam and New York, the principal ports of ocean traffic, is as follows for 1891-92 :

AVERAGE ENTRANCES AND CLEARANCES OF TONNAGE IN FOREIGN PORTS BY FLAGS.

Flags.	Per Cent.	Flags.	Per Cent.
British	60.08	Spanish	1.62
German	10.48	Danish	1.43
Dutch	5.58	Belgian	.88
Norwegian	4.98	Italian	.74
French	1.73	American	.21

"We have only to look at this table," says Mr. Bates, in advocacy of protecting American ships, "to see the result of unprotecting our marine in the foreign trade. Our policy for sixty-five years had been to unprotect it. It is no answer to say that, because it was more profitable to employ capital ashore, economy of investment of capital prescribed our surrender of navigation; for this reason, that our footing being unequal and disadvantageous, compared with Great Britain and other countries, the theory of economy has not had a fair field of operation. The advocates of free trade always beg the question by assuming that conditions for navigation, manufacturing, mining, agriculture, etc., are the same in all countries. Great Britain has had great advantages, particularly in steam navigation, which she has protected from the first at the expense of her treasury. Germany, now next to her in sea-power, has one-third of her steamers subsidized to-day, heavily. Our people have been beaten for want of fair play."

Mr. Bates is so bold as to deny that economic laws obtain in the carrying business on the ocean. "In regard to the carrying trade in foreign commerce, economic theories will not apply. Great Britain and the British people have waged a warfare upon the shipping of the United States ever since we developed any strength on the sea. British ambition and monopolizing disposition—the determination to be supreme upon the ocean—must be reckoned with as a factor in our misfortune. Foul play of every sort has prevented the play of economic forces between England and the United States. We have been driven out of the carrying trade, very largely by the British through their unjust underwriting discriminations.

* For a review of the book, consult the ANNALS for November, 1893. Vol. iv, p. 132.

"Americans have not 'chosen' to hire their commerce carried, but they have lost control of their commerce; it has passed into foreign hands, and they have no choice about it. American merchants own no property, or almost none, upon the ocean. It is in fact foreign property that passes back and forth in foreign ships. We have lost our commerce by losing our ships. Foreigners have gained our commerce by being permitted to carry it as freely as our own vessel owners. When we installed the foreign ship as the equal of our own, to fetch and carry, then we inaugurated the force which has brought our ruin. The fight has not been merely ship against ship, but merchant against merchant, underwriter against underwriter, and the hand of every nation against us. Our government and politicians are very much to blame. The national interest has been sacrificed. We have no strength for our maritime defence. We have no rank among maritime nations beyond that of little States and dependencies. Our weakness subjects us to great losses in commerce, the carrying trade, in finance, and in production."

However Mr. Bates' economic theories may be challenged, and whatever difference of opinion may exist as to the proper means to be employed in raising the rank of the United States on the high seas, all must agree as touching the importance of securing the result which Mr. Bates, as a private citizen, and as Commissioner of Navigation, has long labored to help secure.

DR. VICTOR ROSEWATER has published a very able discussion of the practice and theory of special assessments on real property* to cover the expense of municipal improvements directly beneficial to that property. The results of Dr. Rosewater's investigations will be a surprise to any one who thinks, as is natural, that the old American principle of universal proportional taxation for every public purpose is still prevalent in local as in State and National taxation. For he finds "that out of the forty-four commonwealths which now comprise the Union forty, besides two territories, have given legislative or judicial approval to the doctrine of special assessments." Although the eminent fairness and justice of such special assessments has now obtained such general recognition, yet a great many of the States have only adopted the systems now in vogue since the war. The most perfect system seems to be that of New York City. Although the system had its origin here in colonial times, and was first definitely formulated in the charter of 1813, it has undergone many changes since then. There

* *Special Assessments, A Study in Municipal Finance.* By VICTOR ROSEWATER, PH. D. Columbia College Studies in History, Economics and Public Law. Vol. II, No. 3. Pp. 152. New York. 1893.

are here two general classes of such special assessments; the first are those which are made under the legal right of eminent domain and "consequently come within the sphere of the law department and the board of street openings;" the second are those more nearly akin to taxes in character, levied for various kinds of improvements and are "under the control of the board of assessors." Apparently it is the eminent fairness and justice of these assessments as well as their expediency which has brought them into such general favor. They are expedient because easily assessed, because they seldom cause any friction, because they bring quick returns just when those returns are most needed and because the returns can be easily made adequate to the needs. They are eminently just because they take but a part of a benefit clearly due to municipal action, because they correspond exactly to the ability to pay and because they cannot be shifted except by a transfer of the benefit involved. Dr. Rosewater's thorough discussion of this phase of municipal finance is certainly a very valuable addition to our technical literature.

MARCH,

1894.

ANNALS
OF THE
AMERICAN ACADEMY
OF
POLITICAL AND SOCIAL SCIENCE.

THE IDEA OF JUSTICE IN POLITICAL ECONOMY.*

Is there a just distribution of economic goods? Or should there be? This is a question which is raised again to-day, a question which has been asked as long as human society and social institutions have existed. The greatest thinker of ancient history asked the question and thousands after him have repeated it, sages and scholars, great statesmen and hungry proletarians, thoughtful philanthropists and enthusiastic idealists.

To-day the question seems less opportune than ever. Even those who pride themselves on their idealism declare it to be one of the useless questions which nobody can answer.

Aristotle's ideas of distributive justice are looked down upon as antiquated and set aside by the progress of science. Comparing superficially the phenomena of nature with the

[* This paper was first printed in Schmoller's *Jahrbuch für Gesetzgebung, Verwaltung, und Volkswirtschaft* Vol. I of the New Series 1881. As it expresses the matured views of the leader of the historical school in Germany upon a most important topic, it seemed worth while to present it in an English dress. EDITORS.]

social processes, Darwin's theory of the struggle for existence, which permits the strong to oppress the weak and excludes all possibility of a just distribution of earthly possessions, is brought into play. Many political economists also disregard the question, the more so the further they are removed from philosophical inquiries, and the more they delve into special questions remaining, despite many concessions to modern schools, in their fundamental views in the beaten paths of English and German dogmas, which know no other categories than demand and supply. They have, as a rule, a vague, half-conscious feeling that socialism demands a juster distribution of goods, and hence the conservative citizen and friend of order has no choice but to oppose this idea. Those who harbor such thoughts and feelings place themselves, it is true, in the sharpest contrast to the great founders of modern social science.

No one was ever more convinced that his proposed reforms would effect a more just or indeed an absolutely just distribution of goods than Adam Smith or Turgot, or their sincere followers. Faith in the justice of its demands was the backbone of the economics of natural law. As a consequence of "natural freedom and justice," Adam Smith requires freedom of migration and trade. To the greatest disciple of Adam Smith, for thus have Ricardo's ideas been recently correctly summarized, free individual competition appears to be truest justice to all laboring humanity. This is not accidental. No great social or economic reform can conquer the sluggish resistance which opposes it by merely showing its utility. Only when it can be made to appear that what is demanded is the demand of justice, does it inflame and move the masses. For years I have watched in public discussions and in economic publications when and where the question of justice was drawn into economic matters, and I have found that involuntarily it occurs almost everywhere. In discussing the bank question, the opponent of unsecured notes declares them to be an injustice; when duties are proposed, the free-trader

claims first that they are unjust, then immoral, and only in the third place that they are economically harmful. In all discussions about the change in the German customs policy of 1878, both sides tried to prove that what the opponent desired especially injured the working man and the small capitalist, and thus affected in the most unjust way the distribution of income and wealth. A well-known politician, who declares the discussion of justice in the distribution of income and wealth to be superfluous, falls into the same mistake with which he reproaches his opponents, in his polemic against Marx. He declares the present distribution of wealth in Germany to be legitimate, because it was not the possession of colonies, not the work of slaves, but the honest labor of German citizens which created this wealth. He thus unconsciously calls attention quite correctly to the central idea which to-day governs the popular mind in regard to the just distribution of wealth. A leading speaker of the free-traders, in the Reichstag, said that to-day the naive advocacy of low wages dare no longer venture into the light. To-day we consider conditions economically sound only when they guarantee to each participant in the work a just participation in the earnings. And he adds: "The economic ideal is reached when the greatest production and the most uniform distribution among the participants of the profits earned coincide."

Whether a just distribution of goods exists in reality or not, a question which for the present I will leave unanswered, still it is always spoken of, there is a general belief in it; this belief is speculated upon, and it has its practical consequences.

This brings us to the correct formulation of the question with which we must begin. We would not from any principle whatsoever logically deduce a formula whose strict application would at all times produce justice; we would simply and modestly put the question, How does it happen that economic transactions and social phenomena so often

bring forth a favorable or adverse criticism which asserts that this is just, that unjust? When we have a correct answer to this, then it will be easy to draw further conclusions and to decide what force, weight and influence this approving or disapproving judgment will exercise retroactively on the social and economic phenomena.

I.

Even he who reduces all human impulses and actions to the feelings of pleasure and pain must admit that, as far as we know human nature, there are, besides lower impulses, higher intellectual, æsthetic and moral ones. They give to life those ideal aims, from them grow those conceptions which accompany and influence all human life, all actions, all institutions, as ideal visions of what ought to be. Should we call the essence of what ought to be, the abstract Good, the abstract Just would be part of it. Justice is a human virtue. It has been called the virtue of virtues. It is the permanent habit of mankind to adapt its actions to the ideas which we call the abstract Just. The Just *per se*, anything absolutely just, is found in reality as little and as seldom as anything absolutely good. The Just is always an ideal conception, to which reality may approach, but which it will never attain; the ethical judgment that an action or the deeds of a man are just always affirms only that his deeds correspond to an ideal conception, and one single action may perhaps completely do this; but a man's whole life, society as a whole and its actions can only approach it. What kind of an action do we call just? The word is used in different senses. We often use it merely to indicate that the individual is conforming to the laws of the whole, that his actions are in accord with positive law. We use it also in the much broader sense to describe his actions, not so much as corresponding to positive law as to its ideals. We oppose a right that ought to be—as the just—to the positive law, judge the latter

by the former, and call actual law unjust in so far as it does not correspond to this ideal. The conceptions which guide us herein, and from which we derive our idea of the just, are by no means simple; on the one hand the peculiar nature of legal prescriptions, being certain formal rules of social intercourse, and on the other the ideal aims of social life which determine the material contents of law, combine to create this ideal. Conceptions of the perfect commonwealth and of the perfect individual are associated in it. When we speak of what is just in a narrower sense, when we use the word not as it is used in schools, but in the daily usage of common speech, we consider only one of these conceptions, or better, only one of these co-operating spheres of conception. When we speak of a just judge, a just punishment, or just institutions, we usually conceive of a society, a number of people, a comparison of them, and a fair distribution of good and of bad, of that which causes pain and pleasure, measured by uniform objective standards. The specific conception of justice, the one which principally interests us here, is that of justice in distribution; it always presupposes the proportionality of two opposite quantities, one of human beings and one of goods which are to be distributed. We necessarily classify in series, according to objective characteristics, every multiplicity of persons which appears to us in some respect as a unity; and the ideal conception of what ought to be, demands the distribution of goods and evils according to this classification. By this standard our ideal always measures reality. Our moral judgment is always active in estimating the actions of men, their vices as well as their virtues and their achievements—that is in comparing and classifying them. Our social instinct is ever active in fixing the relation of the individual and his doings to the whole of the community, of the State and of humanity, in measuring and locating them accordingly. With relentless necessity the conviction always governs us that this classification must determine the distribution of

honors and political influence, of position, of incomes and punishments. The similar should be treated alike, the dissimilar unlike. It is a reciprocity of human actions which we demand. The maintenance of reciprocity appears just, its disregard unjust. In an unjust proportion one part obtains too much, the other too little. The unjust usurps too much of the good to be distributed, the unjustly suffering receives too little.

We call an election system just which distributes political influence according to individual ability and merit in state and community. We call a penal code just which, in spite of the manifold variety of misdemeanors and crimes, in spite of the seeming incomparability of the different punishments, has found a uniformly weighing system which parallels offences and punishments in accordance with public sentiment. We speak of a just gradation of salaries, of a just promotion of officers in every stock company, in every railroad, as well as in the army, and in the hierarchy of State officials. We speak of a just distribution of taxes, of a just gradation of wages, of just profits, of a just interest on loans. And always there is the same conception in the background: men are grouped and classified according to certain characteristics, qualities, deeds and accomplishments, descent and prosperity. Burdens and advantages should correspond to these classes.

The profit of an undertaking is said to be justly higher than the rate of interest, because a greater risk and an indemnity for labor are therein involved, both of which are foreign to interest. Interest on capital is just because the lender foregoes a possible profit or enjoyment, because the borrower is in a much worse position without this aid, and because for the service of the one a consideration from the other seems just. The high earnings of the well-known physician or lawyer are just, such is Adam Smith's argument, because of the large number who go to great expense in their studies; many have very small incomes; the chosen, able ones are thus in a manner compensated therefor.

Every house-wife, every servant girl, daily and hourly thinks this price and that unjust, and this always on the ground of comparisons, classifications and valuations. Most important, however, is the judgment of the justice or injustice of the condition of social classes in general.

Aristotle calls slavery just when master and slave are by nature as different as soul and body, as governing will and external instrument. Then, he says, it is a natural, intrinsically justified slavery; the external legal relation of society corresponds to human nature.

Exactly the same can be said of all social gradations and classifications. We feel them to be just as far as we find them in accord with our observations of similar or dissimilar qualities of the classes in question. The public mind has never, apart from times of error and excitement, begrudged honor, riches and position to those whose actions, whose abilities correspondingly excelled. It found fault with the condition of the middle and lower classes whenever it observed that men of the same race, the same creed, the same community, were maltreated by their equals and were held in a subjection not corresponding to their education and merit. All class struggles of the past have arisen from these sentiments. The greatest politicians and popular leaders of all times, as well as the greatest kings and Cæsars, placed themselves at the head of movements which, originating in oppressed, abused and maltreated classes, aspired, successfully or otherwise, to a removal of unjust social conditions. These class-struggles have often been only for political rights, for honors, or for marriage rights. The essential element, however, was always an economic question, the distribution of incomes and wealth or the conditions and avenues to them, the possibilities of acquisition; for in the social struggle for life, economic existence is the most important factor.

And therefore the question always arises here also, whether that which is, is just. Is this restriction of trade,

this or that institution touching the distribution of wealth, is this entire distribution of incomes just?

This question, indeed, is not always equally emphasized; the feelings which spring from the answer do not at all times equally influence the masses and single parties. The judgment, that a certain classification and distribution of incomes is just or unjust, is of course not the only one that is given about the social phenomenon in question. Nor is this judgment, even though thousands are agreed upon it, the only power which rules the distribution of incomes. But this judgment is the only psychological basis from which all demands for the right of equality have arisen. It is the basis of all individualism. From the standpoint of mankind there may be other demands; mankind and its interests demand sacrifices in the upper as well as in the lower ranks. The practical representatives of this standpoint in political life must, therefore, necessarily seek to combat or to weaken the conclusions resulting from this fundamental principle of individualism. And from their standpoint they are justified in so doing. But equally justified on the other hand is the standpoint of individualism; and it is this which demands justice, proportionality of duties and rights; it demands equality for equal, inequality for unequal men. The principle of civil, political and social equality will never have a firm foundation unless one seeks it in this connection. Every limitation of the principle of equality, other than that which is prompted by the qualities and merits of men, is arbitrary. Material justice demands equal rights only in so far as it observes equal qualities, as it presumes the possibility of equal achievement and fulfillment of duties.

II.

Thus the approving or disapproving judgment of the justice of human actions or institutions always rests on the same psychological processes. But the results to which it comes may be very different. How would it otherwise be

possible that the conceptions of justice of barbarians, of heathens, of Christians, of men of modern culture, differ so much that something different is always demanded under the plea of justice? Even within the same nation and the same period the controversy as to what constitutes justice will never cease; but from time to time certain judgments will succeed in placing themselves in the dominating centre of the progressive movement, certain results of former intellectual contests will descend to posterity as a secured inheritance; and as long as the night of barbarism does not break in again they will rule and influence it more and more.

If we now try to explain somewhat more fully the psychological processes in question, the first step always seems to be to group in our conceptions a number of men into bodies of moral community. These bodies are then compared and tested according to their qualities and actions. The equalities are searched for and found by the judgment, the inequalities and their degrees are tried by the estimating and valuing sense. It is in the realm of the feelings in which all the final decisions on this most important point are reached. All feelings finally resolve themselves into an adjudging or disparaging, into an estimation and a sensation of that which furthers and that which impedes us; they are decisions on the worth of men and things. And upon this now follows finally the simple logical conclusion: the persons whom I am to conceive as a moral community must, as far as human intervention reaches, be treated equally in the measure of their equality, unequally in the measure of their inequality.

The groups of persons into which our conceptions necessarily classify mankind are manifold. The members of the family and the tribe, the fellows of a society and a community, the citizens of a State and of a federation, the members of a church and of a race, finally all humanity in a certain sense can be so grouped, but only in so far as they form

a moral community and pursue certain common ends. Whoever stands without the group is foreign to the comparison, is not comprised in the judgment of what is just. Hence a barbarian does not think it unjust to kill the stranger; only the conception of a moral community between all nations and all men prevents this. Likewise it does not seem to me unjust that an Englishman pays double the taxes paid by a German of equal income. With the variety of different human purposes and communities the same man appears at one time like his fellows, at another unlike. In a club of any kind which claims but a small fraction of our interest, we see no injustice in a per capita assessment which we would consider unbearable in a State or community. It accords with our idea of justice that all young and vigorous men have an equal duty in the defence of our country, whereas for other public and social purposes they show the greatest dissimilarities, and are accordingly treated differently.

The judgment of equality or inequality is, therefore, always a very complicated one. Not only must the human qualities and deeds be considered *per se*, but also in their relations to the aims of human society. In one grouping and classification we have in view only some one certain well-defined quality of mankind; in another we attempt a weighing of all qualities, we seek the average human being. A shipwrecked party, which has saved itself in a boat too small to carry all, will be apt to value all their companions equally in the question of life and death, and cast lots equally for all. But the provisions which have been saved will be distributed according to the various needs, *i. e.*, the seaman at the oar will be given twice as much as the three-year-old child. In a tribe of warlike nomads the bravest fighter, in the jockey club the best rider, is fairly given a preference which would appear unjust in other groups of men. Even in the family and in the State a certain kind only of qualities or actions often forms the basis of judgment. The judge on the bench cares only for certain wrongful acts; the

father who wishes to bequeath the same to each child, because he thinks this just, will not deny their dissimilarity in many respects. The State, however, will distribute honors and dignities in the nearest possible relation to the average of qualities most important to it. Every election, every promotion is governed by an average of composite impressions. The judgment upon a just or unjust distribution of wealth and income will always rest on a similar basis.

Whether it be a single quality or action, or a sum of them, those which are considered are such as relate to the aims and ends of the community. And they may naturally be of the greatest variety, may include, for instance, even physical strength or beauty. In an athletic club it seems just to give a prize to the strongest man, in tableaux vivants to favor a beautiful woman. As a rule, however, in social bodies of a higher order those qualities are to be considered which, like virtue and talent, are of the greatest service to them, which manifest themselves in actions advantageous to the community. Often there are very heterogeneous qualities to be compared, as the aims of the great moral communities, especially of the State, are the most various. The question can arise, is the brave general or the great statesman, the great painter or the great singer, of greater universal value? The decision is given by public sentiment according to that classification of purposes which appears at the moment to be the correct one, and following it we find a verdict of the public which declares the salary of a general, of a secretary of state or of a singer to be just or unjust.

Quite as difficult as the comparison of different qualities or acts is the valuation of the inequalities in the same sphere of human action. That the statesman deserves a higher salary than his secretary, that the head of a great firm earns more than his cashier, and the latter more than the youngest clerk, that the designer in a factory is more important than the porter--in all this, public sentiment and valuation

agree. But when the grades of inequality are to be measured and to be expressed in figures, which is indispensable in all the practical questions, there will be many differences of opinion; and from this point of view indeed the opinion might be upheld that the psychological judgments which form the foundations of the conceptions of the just are always a chaos without unity and clearness. The objection which we so often meet on the field of æsthetic judgment seems obvious, that there is no general judgment, that all is a matter of individual taste, that mere individual processes of feeling are in question, which are immeasurably entangled, and which a fool alone could regard as a basis of public affairs and institutions.

This would in fact be true, if the individual thoughts and sentiments of men were, indeed, only the product of independent and isolated individuals. But every disposition of mind, every word, every idea, every conception, more profoundly examined, is the result not of an individual, but of a social process. The greatest genius even thinks and feels as a member of the community; ninety per cent of what he possesses is a trust conveyed to him by forefathers, teachers, fellow-creatures, to be cherished and bequeathed to posterity. The majority of everyday persons are little more than indifferent vessels into which flow the feelings and thoughts of preceding and contemporary millions. Language is a product of society. By means of the spoken word, Herbart says, thought and feeling pass over into the mind of another. There they originate new feelings and thoughts, which forthwith cross the same bridge, to enrich the ideas of the first. Thus it happens that the smallest part of our thoughts originates in ourselves, and that we draw, as it were, from a public storehouse, and participate in a universal generation of thoughts to which each individual makes only a comparatively scanty contribution.

Supposing for the moment that the feelings on which the estimating judgments of what is just are founded, remain

wholly in the obscure realm of mental temperaments, even in this stage they are not a psychological chaos, but a rhythmic movement of masses. And the more they rise to judgments and standards of valuation, the more the mental temperaments are condensed through the medium of public discussion, to decisions which possess distinct characteristics and criteria, the more we have before us mass-judgments which are not quite uniform, it is true, but still classed according to masses, grouped according to centres and authorities, and which are clear, firm and generally admitted. On account of the same qualities, in regard to the same purposes, they give the same results again and again and become the ruling standards of valuation.

Every period has prevailing conventional standards of valuation for human qualities and deeds, virtues and vices; it conventionally values this kind of action more highly than that, and so demands accordingly in one case greater rewards or greater honors, in another severer punishments or smaller incomes. These conventional standards of valuation are more or less the starting-point of every judgment of justice. A new and changed conception is measured in the first instance by its deviation from the traditions. As every fixation of price in society is not anew the result of demand and supply, but as demand and supply only try to modify traditional values, so it is also with the valuing judgments of justice or injustice. The sum of that which has been handed down as just, invariably forms the real basis of all judgments. A refined intuition of right demands a change here and there; in opposition to the sum total of conceptions of the just, this is only a single, but an important point.

In existing customs and in existing law, these conventional and traditional standards of valuation have their real bulwark; thus they have assumed a form which firmly, rigidly and uniformly governs wide circles of mankind, and in that well-defined form they are handed down from generation to generation. But they also can be found outside of this solid

ground; they originate everywhere from repetitions of similar cases and form the basis of judgments of what is just. These judgments, indeed, arise daily and hourly in the mind of every thoughtful man in regard to all social relations of life; they are not confined to actual law. In family life the sister thinks it unjust that the brother is favored; in every social circle, visits, invitations, even smiles, looks and compliments are resented as unjust preferences. The mental processes are the same whether here or on the ground of actual law. Everywhere it is in the main traditional standards which govern our judgment. These traditional and conventional standards are the historical precipitate of the conception of justice of hundreds of millions of men, on whose shoulders we stand. Through these traditions the seemingly irregular, the casual and individual takes firm body and lasting form in spite of constant transformations and renewals.

From this standpoint we can easily refute the naive objection that there is no way to apply the conception of the just to economic matters, because, it is said, incomparable quantities and qualities are in question, the different kinds of work, the functions of the employer and the day-laborer being immeasurable by any common standard. They forget that the formation of prices in the market equalizes that which is seemingly incomparable, as, for instance, an edition of Goethe and a bottle of champagne; that in every penal code two things which appear to be still more heterogeneous, a fine of so and so much money and a day's imprisonment are in a fixed ratio according to a conventional standard. Everywhere in the questions of prices and of law the traditional and conventional judgment, that this is to be called equal and not that, is fundamental. Only should we have to begin every moment to form our judgments anew would this objection be reasonable. As things are, the fact remains that the average earnings of the employer, compared to the wages of the laborer, can be raised or lowered by a change in demand and supply within such an economic organization

as exists to-day; that independently thereof, in consequence of traditional standards on the one hand and of the modern sentiments and ideals on the other, this change, as soon as it has reached a certain extent, will appear just or unjust.

And whenever these and similar questions are discussed, when opinions differ about them, the controversy is not, as a rule, between those who wish to apply the categories of justice to these phenomena, and those who deny their applicability; but the struggle is between older and traditional standards of judgment and new ones, the ideals of the eighteenth century with those of the nineteenth; the struggle is between a cruder conception of right and a more refined one, between ideals whose realization is to-day impossible and those that are attainable through the customs and the law of our age; finally ideal conceptions of justice which have already been co-ordinated with other not less justified ideals are arrayed against those which have chosen principles of justice exclusively for their battle-cry.

And just because this struggle never ceases there is, as we have seen above, no simple, universally intelligible, familiar and applicable formula of justice. The conceptions in question may all be reduced to this fundamental idea: everyone according to his merit, "*sum cuique*;" but the possible application of this rule is always different according to the possibility of innumerable conceptions of value, estimations, groupings and classifications. The abstract pretension, for example, that in labor or even in handiwork rests the unique standard of justice is in equal right with the other pretense that talent, virtue or even the human face must be taken into account. In certain spheres and in respect to certain aims only will one formula or the other gradually prove its justification and thus gain recognition.

But what is it that gives the final decision in this contest of opinions? Is it logical reasoning? Apparently not, or at least not primarily. Much as in the struggle for public and social institutions, all kinds of logical reasons for the

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justice of a cause are appealed to, they seldom convince and always seem more or less flat. At least they do not convince the opponent, although they are capable of inciting their followers to enthusiastic and desperate struggles. And this is natural. They are not logical decisions. Whether they be traditional standards of valuation, whose immemorial age or even divine origin impresses our spirits or newer conceptions, which by the power of passion inflame the disciples of a school, a party, the members of a class or a people, the final decision rests with the heart, with the innermost centre of human soul and mind.

This explains the vast possibility of error, of delusion, of vehement passions. Ideals of justice may appear in the most distorted forms, in its name the most insane as well as the highest and holiest things are demanded. Long struggles are often necessary to purify concepts of their errors and to develop the ideal in its purity. But at the same time the inward connection between the conceptions of the "just" and the depth of human emotions explains the magic power of their effect. That which moves the inmost heart dominates the wills, the egoism, inspires deeds of valor, carries away the individual and millions to deeds and sacrifices. Hence the mystery that a political platform, an economic contrivance, only influences where it seems an outcome of justice. Hence the involuntary tendency to appeal to justice in every discussion. Hence also the fact that the same theory which proposes a demand of justice as its consequence often is made by individuals, but repudiated by public opinion; and then suddenly with irresistible elementary force it takes hold of the masses, leads them on new paths, radically influences legislation and puts a changed stamp on whole epochs.

III.

Let us return from discussing the psychological aspect of the question, to the main substance of our discourse, which we have hitherto only grazed, or touched upon by way of

illustrations. We have now to inquire whether the distribution of income and wealth is felt to be just or unjust at all and under what circumstances and conditions.

If we confine ourselves to the strictly philosophical reflections of ancient and modern times, there scarcely seems to be any controversy about the question. From Aristotle's doctrine of justice in distribution to the philosophers of to-day, there is controversy over the practical effect of the judgments in question, but hardly over the judgments themselves. Among more recent thinkers—only to mention a few—Herbart conceives the penal system and the economic conditions of a nation as a united whole; what elsewhere is called justice he denominates as equity. On equity his so-called system of wages, which comprises the economic conditions and the penal law of a nation, is built up; the judgment requires recompense for benefits and retribution for misdeeds. The conceptions of the wage system must, according to Hartenstein, be applied equally to benefits and misdeeds. "The general idea must be maintained, that the social institutions and actions should be capable and fitted to requite equally merit and offence." And Trendelenburg, in a similar fashion, affirms that the moral estimation of political and economic affairs is, at bottom, derived from the same standpoint. "Indeed," he says, "in the structure of the State the constant proportion between duties and rights is the fundamental idea of justice, and the same proportion between labor and earnings should be aimed at in private intercourse, but the market price makes the exponent so variable, that it causes a constant inequality." The execution thus seems dim to him; but it appears to him the ideal condition, that labor and earnings should accord, as duty does with right.

There is no doubt that this conception is confronted by another which results from the investigation of details, which is not the outgrowth of popular instincts and sentiment, and is even often involuntarily denied by its very representatives, but through the authority of certain doctrines has become

nevertheless of great importance for practical life. I mean the conception which sees in the difference between rich and poor only an occurrence of nature. In the investigation of the immediate causes of the distribution of wealth, this conception is not able to discover the remoter causes. It sees only demand and supply, proportions, natural phenomena, climatic influences, the accidents of life and death; all these are unquestionably mechanical causes which influence this or that distribution of incomes. The earnings of the individual, it is said, are determined by the "strength and the luck of the individual." Free intercourse appears as the analogy of the Darwinian struggle for existence. Might makes right; purposes and moral judgments are not here in consideration, or only to a limited extent. So far as mankind demands a just distribution of incomes, their ideas are in the main foolish; justice may at the most be demanded of the State when it intervenes directly; opposed as it is to free intercourse and the legitimate influence of fortune, this striving is wrong. "Shall we," we hear from this quarter, "censure our God, that He so frequently interferes unjustly? Shall we prescribe to Him where His lightnings shall strike and where He shall permit the bullets to hit? Shall we quarrel with nature because she grants the delicious fruits of the south and an olympic existence to one race, while she banishes another to the reeking hovels of the arctic?"

We will not dismiss this conception of things by the accusation of materialism, for, though materialistic, it nevertheless has the merit of being realistic and of having further detailed investigation in certain directions. But whatever its merits in this direction, our question is not really touched at all by these arguments. The individual scholar who, in his researches, considers only forces, proportions, demand and supply, and endeavors to grasp them, may ignore the question whether the result be just, but the popular mind will always repeat the question as long as it sees before it human actions.

But only to this extent and always to this extent; and furthermore the uncertain results of fortune and the course of natural processes also will appear just or unjust to him who believes that they are governed by a just Providence ruling analogously to human actions; may the compensation only occur in another world, it is expected and demanded by the soul.

When on the other hand the intellect sees but blind forces, it consoles itself with the argument that it is not the task of humanity to master them; then he will no longer demand justice from the flashing lightning, from the hostile bullet, from the demon of cholera and the sunny zephyrs, but always from all conscious actions of human beings.

The distinction is therefore not, as has been claimed, between State and chance, State and free intercourse, governmental distribution and distribution by demand and supply, but the antithesis is this: As far as human action governs and influences the distribution of incomes, so far this action will create the psychological processes whose final result is the judgment which finds the distribution just or unjust; so far as blind extra-human causes interfere, reasonable reflection will demand that men should submit to them with resignation.

If it is objected that demand and supply distribute incomes, we reply in the first instance: Are demand and supply blind powers independent of human influence? This year's crops depend on rain and sunshine, but the average results of our crops are a product of our cultivation. Demand and supply are summary terms for the magnitudes of opposing groups of human wills. The causes and conditions of these magnitudes are partly natural, mostly, however, human relations and powers, human deliberations and actions.

If it is objected that nature conditions the wealth of a nation, we answer: She certainly does in part, and as far as she does, no one thinks it unjust that one nation is rich

and the other poor. But when one nation enslaves, plunders and keeps in subjection another, we immediately find the wealth of the former and the poverty of the latter unjust.

If it is objected that the one man is wealthier than the other because he was not compelled to divide his inheritance with brother and sister, that the one has the good fortune to possess a healthy wife, the other not, we answer: No normal feeling of right wishes to do away with such chance of fortune. But the question is, if such effects of nature, not subject to our influence, which we call fortune or chance, are indeed the essential causes of the distribution of incomes and wealth. In such a case there could be no science of political economy or social policy, for the irregular game of chance cannot be brought under general points of view.

If it is objected that labor and not the State distributes incomes, we answer that this is a surprising objection in the mouth of one who declares strength and fortune both at the same time to be the causes of distribution. For the objection has meaning only when it signifies that different labor and different accomplishments produce correspondingly different compensation. In our eyes, labor produces goods, builds houses, bakes bread, but it does not directly distribute incomes. The different kinds of labor will affect distribution only by their different valuations in society. The demand for this or that labor will influence its market price, but the moral valuation of this or that labor will influence the judgment whether this price is just. Thus labor influences, indirectly it is true, the distribution of incomes; but in such a case, and so far as it does so, it excludes the notion of luck or chance.

Both assertions, however, confine themselves too closely to the individual distribution of incomes, whereas for the economist the essential point is the distribution among the classes of society. For every more general scientific or practical inquiry it is not the important point whether Tom,

the day laborer, has more than Dick or Harry, whether the grocer, Jones, earns more than Brown, whether the banker, Bleichröder, has better luck in his speculations than the banker, Hanseman; about this general judgments will only occasionally be formed. The average wages of the day laborer, the average condition of domestic workers, the average profits of the class of promoters, the average profits of grocers, of landed proprietors, of farmers on the other hand are considered by public opinion and judged to be justified or not. And these earnings are surely not dependent on fortune or chance; they are the result of the average qualities of the respective classes in connection with their relations to the other classes of society; they are in the main the result of human institutions.

The prevailing rights of property, inheritance and contract form the centre of the institutions which govern the distribution of incomes. Their forms for the time being determine a democratic or aristocratic distribution of wealth. Who, for instance, has made the division of landed property, which generally determines the distribution of both wealth and income? Is it nature, luck or chance, or demand and supply? No, in the first place the social and agrarian institutions of the past and present. Wherever small peasant proprietorship prevails to-day, it is derived from the mediæval village community system and the law of peasant succession. Wherever we meet with a system of large estates we see a result of the baronial and feudal system, of the later manorial regime and of the system of estates; at present the institutions of mortgages and leases play a part; the legislation touching the commutation of tenures and system of cultivation were of the same importance to Germany as the colonial system of other governments to their colonies. In the distribution of personal property individual qualities are more prevalent than in that of real estate. But nevertheless the institutions of ancient and modern times seem to us the most important. The forms of undertakings and the

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legal status of the laboring classes are the essential points; wherever slavery prevailed it governed at all times the whole economic life, the whole social classification and the distribution of incomes; guilds were, at the time of their consistent maintenance, as much an institution of distribution of incomes as an organization of labor; and the same is true of the domestic system of industry of the seventeenth and eighteenth century with its governmental regulation; the ruling considerations were the needs of commerce and technical practice on the one hand, the situation of the laborers in a domestic system of industries on the other. And are not to-day the institutions of unrestricted trade and interest on loans, of the exchanges and the system of public debts, the forms of undertakings, the system of joint stock companies, of co-operative associations, the unions and corporations of employers and laborers, all labor law, the institutions of friendly and similar societies the material foundation and cause of our present distribution of incomes? The individual causes and the chance of luck effect within the bounds of these institutions the little aberrations of personal destiny; the position of social classes in general is determined by the institutions.

What are economic institutions but a product of human feelings and thought, of human actions, human customs and human laws? And just this causes us to apply the standard of justice to their results, just this makes us inquire whether they and their effects are just or unjust. We do not require the distribution of incomes or wealth to be just absolutely; we do not require it of technical economic acts which do not concern others; but we do require the numerous economic acts which on the basis of barter and division of labor concern others and entire communities to be just.

Where such acts come into consideration our observations discern moral communities, their common aims and the human qualities, which are connected with these aims.

The most primitive barter is impossible, unless, between the parties practising it regularly, a certain moral understanding

exists. There must have been an express or silent mutual agreement to preserve peace. The barterers must have common conceptions of value, must recognize a common law. Every seller forms with the purchaser, who stands before him at the moment of the transaction, a moral union of confidence.

In epochs of primitive culture, in the social communities of families, of kinship, of tribes, of leagues, there exists an uncommonly strong feeling of solidarity which therefore leads to very far-reaching demands of justice within these circles, as well as to a complete obtuseness of the same feeling beyond them. With a higher degree of culture these small communities lose, the individual and the greater communities gain in importance. Now the individual and now the community appears more in the foreground, and accordingly the consciousness of the community of interests will change in intensity. In the periods in which the individual's or the family's technical economic life still forms, without more extensive intercourse, without more elaborate division of labor, the centre of gravity in economics, the feeling of community in economic matters will recede. The further the division of labor progresses, the more inextricably will the threads of intercourse involve the individual in an insoluble social community, the more the whole production will assume the character of a general, not an individual concern. Then the common functions of the local and the national community will thrive, individuals will be more and more dislodged by social leaders. Every larger undertaking, whenever it unites continuously a certain number of men for a common economic purpose, reveals itself as a moral community. It governs the external and internal life of all participants, determines their residence, school, division of time, family life, to a certain degree their mental horizon, education and pleasure. The relations of those concerned necessarily exchange a merely economic for a generally moral character. And therefrom the conception arises; here a

common production exists, hence a moral community. And that leads to the question: Is the relation between the participants, is the division of the products a just one? And similar considerations follow for whole industries, for whole social classes, and this all the more, the more frequently the employers and the laborers are organized into associations and societies. They also result for whole States and unions of States.

The moral communities, which play a part in economics, follow sometimes purely economic purposes, sometimes other purposes, as above all do local communities and the State. The narrower their circle, the simpler and clearer their purpose, the more evident become the qualities, according to which moral judgment compares and classifies men. The more comprehensive they are, the more manifold their purposes, the more complicated becomes the question which qualities are concerned, the more fluctuating becomes the judgment of what is just, the more indispensable for customs and laws become conventional presumptions and standards in order to attain something definite at all.

In times of primitive culture, in the small circles of economic and moral communities all men, or at least all men able to bear arms, may readily appear equal, and so it there appears just to give each the same allotment of land, the same share of booty. The guild sought to secure to each member as nearly as possible an equal share of profit. With higher culture begins the necessary discrimination. Formerly the greater allotments were often given to the bravest soldier and to the noble families, distinctions now become more general. All inherited preference is considered just, in the measure in which public sentiment values not the qualities of the single individual, but of families as a whole, a conception which decreases more and more with higher culture. Inherited wealth, as long as it appears necessarily and obviously coupled with its possessor, is under some conditions regarded as a just standard of the distribution of goods. So

the distribution of public lands according to the possessions in cattle and real estate appeared quite just to many a day laborer and "kossaeth" in the eastern provinces of Prussia, while to one who knew the public land systems in France or southern Germany it seemed an outrageous injustice.

For all community of production, labor is the most obvious standard; hence perhaps it is the most usual, most generally comprehensible. As soon as it becomes necessary to compare many different kinds of labor, only an abstraction totally foreign to public sentiment will conceive the idea of reducing all this labor to mere quantities of handiwork; natural public sentiment will simply value more highly the labor which requires more education or talent.

Those qualities will always be most highly considered which serve the common objects; those which only relate to the individual and his selfish aims are less esteemed. Only a complete misconception therefore could establish individual needs as a standard of distributing justice. Older socialism wisely held aloof at all times from this aberration. Even the first really social-democratic platform in Germany, that of Eisenach of 1869, did not yet venture to commit such a folly. The progressive victory of vulgarity and rudeness first demanded in the Gotha platform of 1875 the division of the aggregate labor products among individuals according to their "reasonable needs." The proviso of reasonableness was intended to prevent excesses; it does not remove the low conception. With his needs a man serves himself only; with his labor, his virtue, his accomplishments, he serves mankind, and these determine the judgment which esteems them as just.

When the great social communities which follow the most various interests and what is just in them are concerned, the attempt will always be made, more or less, to weigh the different qualities and accomplishments of men in their result and in their connection with the objects of the community.

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Talents and knowledge, virtues and accomplishments, merit in short is considered. Moral qualities are often apparently overlooked, great talents whose achievements and deeds are generally visible are apparently over-estimated. But only because one is more noticed than the other, and the moral judgment which values individuals according to what they are to the whole can naturally only judge by what it sees.

And therein lies the contrast between moral and economic value. In the ordinary economic valuation activities and products have value in the same measure, as individuals covet them for the satisfaction of their personal needs. In the moral valuation, on which the judgment as to justice depends, the activities of individuals receive their value, according as they serve the inherent ends of the whole. True justice, says Ihering, is a balancing between consequences and acts, which is weighed equally to all citizens according to the measure of the value of these acts to society. Both valuations go in life side by side, combating and influencing one another. The one rules the market, the other moral judgments and conceptions. They approach each other as mankind grows more perfect. Through what mechanism the arising conflicts are lessened and mitigated, we still have to discuss.

IV.

If in the economic order we could recognize only the ruling of blind forces, of selfish interests, natural masses and mechanical processes, it would be a constant battle, a chaotic anarchy; it would present the "*bellum omnium contra omnes*." That this is not the case was perceived by those who saw in the exertion of egoism the only motive force of economic life; they helped themselves over the inexplicable conclusion that out of the blind struggle of selfish individuals peaceful society should grow out, with the ideal conception of a pre-established harmony of forces as in the conception of Leibnitz. And yet any impartial glance at life tells us

that this harmony does not exist, but that it is striven for slowly and gradually.

No, harmony does not exist *per se*; selfish impulses combat each other, natural masses tend to destroy each other, the mechanical action of natural forces interferes relentlessly still to-day; the struggle for existence is to-day still carried on in the struggle of competition; the buoyancy of individual activity has even with the noblest and most distinguished men a flavor of egoism; with the masses it is, inwardly curbed indeed by the moral results of social life, the potent cause of most actions. While struggle and strife never cease they do not preserve the same character throughout the course of history. The struggle which ended in annihilation, in subjugation, turns into a peaceful contest which is decided by an umpire. The forms of dependence grow milder and more human. Class government grows more moderate. Every brutal strength, every undue assertion of superior force is made punishable by law. Demand and supply, as they confront each other in the different systems of custom and law, are quite different in their result. In short all emanations of egoism are moderated, regulated and restrained by the moral cultivation of the labor of many thousand years. That this is so is the simple consequence of those ideal conceptions which originate in social life, form the centre of all religions, all systems of social ethics, all morals and all law. And in the realm of these ideal conceptions the idea of justice, if not the first and only power, is none the less one of the most important. Others of equal might are grouped with it. Aside from the idea of God, of immortality, of perfection and of progress, the idea of justice which gives each one his share, is confronted in the field of social policy by some other ideas. These are in the first place the idea of community, which allots to the whole that which belongs to it, which regards the promotion of the whole more than the rights of the parts; in the second place the idea of benevolence, which in its consciousness of community gives more to the poor

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man than he can justly demand; finally, the idea of liberty, which permits each part to act freely, placing numerous limits upon justice and the community. That this results in many restrictions upon the exercise of justice we will here only suggest, not demonstrate. But the fact always remains that the constantly growing and developing conceptions of justice extend their influence daily and hourly into the activity of practical life, that in the form of moral and religious sense of duty, social custom and actual law, they regulate and modify rude forces and selfish impulses. The conflict between interest and moral ideas will of course never cease, but only be moderated. All human life only exists under the presumption of this never ceasing internal combat. There are always claims of economic justice which appear to be only bold ideal dreams; but there are always many which have conquered in life, or at least have obtained for themselves the majorities, the leading powers. And to them the more refined economic culture owes its humane character.

Practically the most important form in which these ideas conquer is that of custom and of law. Without these formal means the conceptions and judgments of justice cannot easily be realized, cannot easily be transmitted from generation to generation. Custom and law lend permanence and stability to ideas of morality, and effect the agreement of men about that which ought to be. From the moral disposition of men arise rules of custom, which as distinct rules of life curb the wild play of passions and impulses. Custom is that which we regularly practice, originating in experience and recollection, in the judicious conception of common purpose and in moral reflection. As crude as custom may originally be, its rule is always an improvement in comparison with the purely natural play of instincts. It appears to the growing generation the appropriate, necessary, just and obvious condition of all intercourse, all division of labor, all social existence. As an independent power it confronts the individuals and their impulses and becomes the

foundation of all morals, all religion, as well as all rights and all institutions.

Originally inflexible and relentless in itself, custom later becomes more variable in individual morality, adapts itself to conditions, though it still exacts the more noble and sublime; in the positive law, which is gradually separated from custom, it becomes a rule, demanding less, but for this "less" a much stricter obedience. Custom in higher stages of culture only prevails through fear of reproach, of contempt, of social ostracism. Formal law only chooses the rules of social life most important for common interest, but enforces their observation, when necessary, through the physical compulsion which the whole can exercise over the individual.

Internally of the same nature as morals and custom, *i. e.*, originating equally in social ideals and primarily in the idea of justice, the law adopts through its external, formal nature the character of something independent, in consequence of which independence the law can only uphold justice within its own range and can only execute it in a certain sense.

To the essence of right and law, as it has been evolved from religion, morals and customs by an experience of many thousand years, belongs above all the uniform and sure execution of the rules which have once been confirmed universally and uniformly. Without uniform application, without a sure administration, law does not remain law. To achieve this is extraordinarily difficult, on account of the manifold complexity of life. The goal we can only reach by limiting ourselves to that which is of the most importance and by long, laborious, logical brain-work, which reduces the rules of law to a few clear and universally intelligible sentences. The exercise of the judicial power is raised by this quality above the level of personal feelings and changing disposition, laws are guided by it to a safe and uniform application. The more severely law interferes, subordinates details, proceeds radically and relentlessly, the more important

this formal criterion grows. The uniform and just application of law becomes so important that the imperfect law whose just application is secured is preferred to the more perfect and materially more just law whose application varies, becomes uncertain and thus unjust everywhere or in the hands of judges and officials of to-day. Nearly all positive law, therefore, and especially written law, which the thinking mind generates by the machinery of legislation, which has not as customary law been derived from use, is inflexible, feeble, confined to outward, clearly visible marks; it cannot regard individualities and their natures, it deals with rough averages. Instead of testing individuals, for example, it divides adults and minors according to a fixed age, approximately correct for the totality, but more or less arbitrary in regard to the individual. It calls all adult men to the polls, not because they are really of equal importance to the commonwealth, but because the application of every more complicated distinction would result practically in greater injustices. Thus law becomes often inequitable and materially unjust, not because formal justice is superior, but because it is more easily attained in the existing stage of civilization. This gives rise to thousands of conflicts between material and formal justice, which are so often decisive for the practical questions of distribution of wealth and incomes.

If there is any demand of justice which it is desired to introduce into our institutions through the channel of ordinary reform by positive law, it is not only necessary that the demand be recognized and desired by the best as right, that it must have become custom in certain places, that it must have overcome the resisting powers of egoism, of listless indolence which clings to tradition, that it should have triumphed over the eventual obstruction of the other ethical ideas, which tending toward other goals, often may be an obstacle, that it should have become a dogma of ruling parties and statesmen. No, it must also have evolved the qualities of a practicable formal law, it must have reached

fixed boundaries, clear characteristics, determined qualities and proportions; it must have traversed the long journey from a conception of right to a clearly defined and limited provision of law, the fundamental judgments of value must be condensed to a fixed conventional scale, which, as a simple expression of complicated and manifold conditions still grasps their average justly. In short the mechanism of positive law limits every execution of material justice. We have our formal right only at the expense of a partial material injustice.

A demand of justice in rewarding great inventors can to-day only become positive law in patent legislation, or in the public arrangement of a system of premiums, in which the method of execution is just as important as the principle. A demand of justice in regard to a progressive income tax can count upon sympathy only when the demand is based on definite figures which correspond to the average feeling of right of to-day. The demand of justice that the employer should provide better for his laborers becomes practicable, when we demand in detail and definitely that the employer carry this or that responsibility for accidents, that he put such and such a contribution into the benefit fund, that he accept the verdict of umpires with regard to wages. That the laborers should share in the profits of the enterprise can be discussed as a legal measure only when definite experience shows the possibility of a just execution. Otherwise such a law, like many other well-meant propositions for the improvement of the condition of the lower classes, would, in consequence of the violation of formal justice, lead to arbitrariness, to favoritism, to the discontent of the classes concerned. This is confirmed by all deeper knowledge of the results of the administration of our poor laws. The poor law is the most important piece of socialism which the German social organization contains. It is a piece of socialism which we could not spare for the time being, because we do not know a better substitute, nor yet how to

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meet otherwise by more perfect institutions the inevitable demand of justice, that every fellow-being be protected from starvation. The drawback of this poor law is the absolute impossibility of enforcing it in a formally and materially just way. Arbitrariness, chance, red tape govern it, and therefore the assistance given has in many cases such unfavorable psychological effects, leading to laziness and indifference. As long as the organs of the administration do not reach a far higher perfection, as long as the formal possibilities of execution are not quite different, most socialistic experiments would only extend the consequences of our poor laws to large areas of our social and economic organization.

But we must never forget the distinction between means and ends. The form of the law is the means, justice, however, the end. We may perceive that laws cannot do away with every immorality, cannot effect a strictly just distribution of incomes; that the ingenious tricks of astute and selfish business men flout all decency, and find ways to slip through the meshes of the best laws. But this must not restrain us from working for justice, and from faith in its victory. Although thousands of injustices are bound to occur in our life, our best possession rests on the idea of justice. All social progress depends on further victories of justice. By demanding a just distribution of incomes, socialism has introduced nothing new, but has in contrast to the errors which were created by materialistic epigones in a short period of so-called philosophy of enlightenment, only returned to the great traditions of all idealistic social philosophy. The error of socialism was simply that it overlooked the difference between material and formal justice, as well as the significance of other equally justified social ideal conceptions; that it imagined the individual conceptions of certain idealists of what is just, would suffice to overthrow suddenly and immediately primeval institutions. With its crude excrescences it returned to standards of justice which perhaps correspond to the first stages of civilization, certainly

to rough views, but not to refined conceptions of higher morality.

Socialism can teach us not to demand a false justice; it should never hinder us from fighting for a true justice. History tells us that progress has usually been tedious; it shows us just as much that at length the greatest formal difficulties have been overcome; that especially in the great epochs of faith in ideals which rejuvenate and ennoble men, the juster right, the refined morals have triumphed over the powers of egoism, of sluggishness, of stupidity, and now better and juster institutions have grown up. There was a time when the demand for a just system of trade, which is universally conceded to-day, appeared as an ideal far in advance of the times. Robberies, thefts, frauds, brawls in the market-places, extortions of gifts were the older forms of transferring property. Here a thousand years' work in civilization has developed, in connection with the progress of refined conceptions of justice, the institutions of law, which to-day govern and bind all intercourse as a matter of course.

The leading conceptions in this work of civilization in the past and present do naturally not relate to the whole society and all its purposes, nor to all qualities of men. In every ordinary barter two persons, whose other qualities are not concerned in this relation, which is confined to this one barter, meet with the purpose of advancing their mutual interests by the exchange of certain goods. This result is reached if they exchange values essentially equal, if both sides make equal profits. "The giving and the taking," Herbart says, "everywhere presupposes compensation, *i. e.*, equality of the given and the taken." Concerning the standards of equality only, can there be any dissent. The savage sees equality in purely external circumstances, in the fact that the furs just fill the kettle for which he trades them. The civilized man asks for equality of money value, the formalist for the equal absence of fraud, force and error. The principle

however, always remains the same. Equality measured in some way is required. And if the equality of both sides required by the conventional standard exists, justice is secured because the logical judgment and the moral test does not bring the single agreement into relation with the total distribution of incomes, with the total worthiness of the persons. Only a fool could require as a demand of justice, that the grocer grade the price of a pound of coffee according to the wealth of each customer, or that in a publishing contract the publisher should pay to the author of an unsalable scientific book a large sum because it is a work of great labor and skill. The justice of a single bargain is the so-called exchanging justice, as Trendelenburg in his admirable essays on Aristotle has proved to be the real meaning of the great Stagaryte. This exchanging justice is nevertheless not in strict contrast to distributive justice; it is only one of its subdivisions, which concerns not the whole society and all its purposes, but simply a part of them and an especial purpose.

As long as the value of every good thing is a different one for each man, so long a certain inequality of profits will not seem unjust. Only when this equality oversteps certain bounds, when its cause is not the free decision of a free man, does a lively feeling of injustice arise and seek a legal remedy. For thousands of years the selfish impulses of those who in the social struggle of competition are the stronger, have demanded unconditional freedom of contract; and this demand is always opposed by public conscience and the demand of the weaker, which establishes the conception of *justum pretium*, which requires a governmental regulation of prices, statutes on usury, consideration for the "*læsio enormis*," public control of abuses in trade and traffic, a restriction of exploitation. This requirement disappears only when two real equals meet, who as a rule derive equal benefit from their commercial relations.

The older economic school of Adam Smith, as we suggested in our introduction, had found its ideal of justice

exclusively in the freedom of contracts. Presuming that all men are by nature equal, it demanded only freedom for these equal men, in the hope that this would result in agreements about equal values with equal profits for both parties. It knew neither the social classes nor the social institutions in their significance for economic life; for it the social mechanism was composed exclusively of the activity of individuals and their single agreements. And therefore it could not demand any other kind of justice. This was not wrong, but it was only a part of the "just" which it demanded.

We demand to-day above all, besides a just system of barter, just economic institutions, i. e., we demand that the complexes of rules of morals and right which govern groups of men who live and work together should harmonize in their results with those ideal conceptions of justice which on the basis of our moral and religious conceptions are prevalent to-day, or which are gaining recognition. We do not acknowledge any one of these institutions to be above history, as having always existed or as necessarily everlasting. We test the result of every one of them, and ask of each: How did it originate, what conceptions of justice have generated it, what necessity exists for it to-day?

To be sure we also know how to appreciate the value of the institutions transmitted to us, we know that the sacred traditions of the past fill our mind with awe, that even the form of traditional law has a restraining effect on rough characters, that a lasting condition of social peace is based on the greatest possible restriction of formal breach of law. We admit that institutions must never disappear in form and substance, that nations can never create anything wholly new, but must always build on what exists. In this lasting continuity of the whole we have a guarantee that the struggle for that which is good and just will not expire fruitlessly; though this would always happen, if each generation had to begin this struggle anew, and was not furnished with the inheritance of tried wisdom and justice,

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contained in traditional institutions. We admit that every momentary condition of peace in society, as it is preserved by an existing law of property, inheritance and some other institutions, is more valuable than a dangerously unsettling war for a juster law of property and inheritance, when the traditional law still corresponds to the equilibrium of the forces existing in society and to the prevalent ideal conceptions. In this case every struggle for more just laws is for the time being hopeless and vain. It can only harm and destroy. Even the most violent revolution can not replace the mental transformation of men which is the precondition of a juster law. The essential point is always that the forces themselves and the conceptions of justice have changed. Then only can a struggle succeed.

Because this will always be, we do not fear, like the alarmists and the pusillanimous of all times, every struggle for juster laws. And on this account we do not see in every manifestation of the self-esteem of the lower classes a simply outrageous revolt against the doctrine of the natural aristocratic organization of society. Much less should we fall into the mistake of all aged reformers who, because they have achieved something, believe that the world's history should close with them and what they have accomplished. We know to-day that history never stands still, that all progress of history is gained only in the struggle of peoples and of social classes; and that they cannot always be as peaceful as in a nursery. And those who are always ready to dream of a jolly war and its favorable moral consequences should not forget that the social struggles within society differ from wars between nations only in degree, not in kind. Social struggles can likewise favorably affect peoples. I only call attention to the struggles between the plebeians and the patricians. There can be no progress in institutions without certain social struggles. All struggles within society are struggles for institutions, and that for the progress of cultivation the individual will grow enthusiastic, will even sacrifice.

his life for that for which classes and parties fight, is so inevitable, so salutary that now and then we do not find fault with breaking the formal law in such contests.

There is no worse delusion than that of the older English economists that there are a number of simple and natural legal and economic institutions which have always been as they are and will always remain so; that all progress of civilization and wealth is simply an individual or technical one; that this is simply a question of increased production or consumption which will and can be accomplished on the basis of the same legal institutions. This faith in the stability of economic institutions was the result of the naive overweening confidence of the older economists in the omnipotence of the individual and of the individual life. Socialism then has perhaps over-estimated the significance of social institutions. Historical economics and the modern philosophy of law have given them their due position by showing us that the great epochs of economic progress are primarily connected with the reform of social institutions. The great messages of salvation to humanity were all aimed at the injustice of outworn institutions; by higher justice and better institutions humanity is educated up to higher forms of life.

As little as the social institutions of antiquity have governed modern history, as certainly as slavery and serfdom have vanished, as certainly as all past progress of institutions was connected with apparent success in distributing wealth and incomes in a more just way and in adapting it more and more to personal virtues and accomplishments, as certainly as this increased more and more the activity of all individuals, as certain as all this is it, that the future will also see new improvements in this direction, that the institutions of coming centuries will be more just than those of to-day. The decisive ideal conceptions will be influenced not exclusively but essentially by distributive justice. Institutions which govern whole groups of human beings and

the entire distribution of wealth and incomes necessarily call forth a judgment upon their total effects. Inasmuch, indeed, as single institutions concern only single men and single phases of life, the justice required will only be a partial one. Naturally this is always easy to attain. A just assessment of taxes, a just distribution of the burdens for the improvement of highways, of the duty of military service, a just gradation of wages are much easier to attain than a just distribution of the total incomes and wealth. But an endeavor towards these ends will never cease; all partially just regulations have significance only in a system of the just distribution of the total. And with this we finally come to the question what can be and what should the State do in this matter?

In our view it will obviously not be a body confined to the extension of justice in criminal law, in the jurisdiction upon contracts and further, perhaps, in the assessment of taxes, but ignoring the just distribution of goods. What sense is there in warming up in the legislatures over the hundredth part of a cent, which a quart of beer or a yard of cloth is raised in price for the poor man, when one takes the standpoint on principle, that his wages are to be regarded as something indifferent and remote from all human intervention. Our modern civilized commonwealth indeed cannot remove every injustice, because primarily it operates and has to operate by means of law. But it should not therefore be indifferent to the moral sentiments of men who ask for justice in distributing wealth and incomes for the grand total of human society. The State is the centre and the heart in which all institutions empty and unite. It also has a strong direct influence on the distribution of incomes and wealth as the greatest employer of labor, the greatest property holder, or the administrator of the greatest undertakings. Above all it exercises as legislator and administrator the greatest indirect influence on law and custom, on all social institutions; and this is the decisive point.

The right man in the right place, the great statesman and reformer, the far-seeing party chief and legislator can here accomplish extraordinary things, not directly, not immediately, but through a wise and just transformation of the economic institutions they can greatly influence the administration of incomes and property. Of course, the theory which sees only natural processes in all economic life admits this as little as those who from the standpoint of certain class interests, from conviction of principle, or even from mere shortsightedness constantly recur to the impotency of the State. Statesmen of a lower order also talk with eunuchs' voices of the inability of the State to interfere anywhere; they mistake their own impotency for that of the State. All these adverse opinions forget that the State is and must be the leading intelligence, the responsible centre of public sentiment, the acme of existing moral and intellectual powers, and therefore can attain great results in this direction.

We do not demand that any leading personalities, like a human omnipotence, should control, compare, examine and estimate the qualities and achievements of millions, and accordingly distribute incomes justly. This is a conception of folly which reasonable socialists now abandon. The State can at all times chiefly influence a juster distribution of income by means of improved social institutions. Only in this way is it guaranteed against having its best intentions destroyed by a thousandfold formal injustice. The total of economic institutions will always be more important than the insight and intention of those who for the time being govern in the central administration, be they the greatest of men. Their wisdom and justice can promote and reform the institutions, but cannot take their place. They will prove themselves true benefactors of humanity only by fixing the net result of their labors in lasting institutions, in increasing for posterity the great capital of traditional justice by reforms; and this will secure immortality to their genius and their will.

We are at the end of our inquiry. What is the result? It is the fact that the conception of justice grows out of necessary processes in our soul and necessarily influences economic life. The idea of justice is, like other moral ideas, not imparted to men by some revelation, and just as little is it an arbitrary invention; it is the necessary product of our moral intuition and our logical thinking, and in so far it is an eternal truth, manifesting itself ever new yet ever similar metamorphoses. In many it works only as a vague feeling. In the course of history it develops, for the majority, into clear conceptions, standards and conclusions. According to the laws of his thought man must unify the manifold and then subject it to uniform standards. The supposition of moral communities in society creates the conception of an earthly justice; the supposition of the unity of all things, that of divine justice. It is the same chain of judgments and conclusions which, dissatisfied with the imperfections of earthly things, transfers the last compensation into a higher and better world. The idea of justice is thus connected with the highest and best that we think, imagine and believe.

But as this highest and last never reveals itself to mankind in its full splendor, as we eternally seek it, eternally battle for it, and though ever progressing, never reach it, so the idea of justice has no resting, determined existence on earth. As no penal law, no judge is absolutely just, so no established distribution of property and incomes is altogether just. But every consecutive epoch of mankind has won a higher measure of justice in this field. In custom, law and existing institutions which rule economic life we have the outcome of all the struggles for justice which history has seen for many thousand years.

The value of our own life, of our own time, does not lie so much in what was attained before us, as in the amount of strength and moral energy with which we press forward in the path of progress. Great civilized nations, great epochs and great men are not those who comfortably enjoy their

ancestral inheritances, who eat, drink and increase production, but those who with greater energy than others devote their services to the great moral ideas of humanity; they are those who succeed in propagating moral ideas and in introducing them more deeply than hitherto into the sphere of egoistic struggles for existence; they are those who on the field of economics succeed in securing and carrying through juster institutions.

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[Translated by ERNST L. VON HALLE and CARL L. SCHUTZ.]

CLASSIFICATION OF LAW.*

A generally accepted and convenient classification of law of sufficient scope to serve as the basis for the arrangement of the laws of any nation at any stage of its development, is something the world has not yet known. Such a classification, if we ever have it, will give the bench, the bar, students of history and the people at large, a better comprehension of the subject-matter than they had before. The aid it will supply will be much the same as the aid which meridians of longitude and parallels of latitude supply to the navigator, the traveler, and all who need an extended and accurate view of the earth's surface. The classification contained in this article is, I believe, more convenient than any other yet proposed. That it may be of much use, however, it must be generally accepted.

The term, *municipal law*, or more briefly *law*, as used in this paper, means two things: 1. It means the rules in accordance with which the courts of a State decide cases, that is, the rules of conduct prescribed, directly or indirectly, by the holders of sovereign power in a State to all persons within its territory. 2. It means the structure of the government. (For an elucidation of the phrase, "the structure of the government," see the first head of the classification of law given, below). It is almost unnecessary to say that the word, law, does not here denote physical laws, the rules in accordance with which matter exists and moves. Neither does it directly denote moral laws, the rules of human conduct which God has prescribed to men. Municipal law should be

* A skeleton of the classification of law stated in this paper was published by me in a letter to *The Green Bag*, for March, 1890. The classification, more or less elaborated, was afterward printed in one or two other legal periodicals and in pamphlet form. The present paper owes its existence to my desire to further explain it, and to bring it to the attention of a class of readers, whom it has not yet reached.

the expression of moral law, and to a great extent always is so, yet, under the most favorable circumstances it is incapable of expressing a large part of moral law and must be therefore permanently narrower in its scope. It does not denote all commands of the sovereign and his agents, or even all their commands in the form of general rules; for example, it does not embrace general orders of an executive officer, such as the secretary of the treasury, to his subordinates. As pointed out by another writer, it does not embrace infantry tactics, although they be established by the State.*

As used in this paper the word, law, does not include specific commands of the sovereign or his agents, whether they be legislative, executive or judicial officers or bodies, nor general orders of executive officers or boards to their subordinates.

The greater part of the law administered by the courts and to be arranged in the following classification, has never in any English speaking country, and probably never in any country, been enacted in the form of a statute. In civilized countries at present, it is so much of the current morality of the nation as the courts believe can be administered by them with advantage to the people, modified by statutes, including in that term written constitutions, treaties and ordinances, and modified by rules established by prior judicial decisions. The order of authority of these sources of law is, (1) statutes; (2) rules based on precedents; (3) current morality. The general order of historical development is the reverse order.

The word, *right*, as used in municipal law and in the classification of law given hereafter, denotes two groups of attributes attached to persons. 1. It usually means a power in one person, called the right-holder, to force another, called the duty-bearer, by aid of the courts of justice to do or to forbear to do some act. For example, A has a legal right against B to enforce through the courts payment of B's promissory note which A holds. Such a right may be called

* Gray, 6 Har. Law. Rev. 31.

a protected right. The class includes a right protected indirectly by the courts, although directly by self-redress. 2. When the word, right, is applied to the rightholder's own acts, it means absence of legal prohibition. For example, a man has a right to practice such forms of religious worship as he chooses, not injurious to the State; he has a right to express his opinions about public affairs and about men in public office. Such a right may be called a permissive right. If the State goes further than abstaining from prohibiting the man's act, and protects him in doing it, against interference by other men, he has a right under the first definition of the term as well as under the second. The word, right, is not here used, as it often is in common speech, as synonymous with justice.

Rights are *primary*, that is, given for their own sake irrespective of any prior breach of law, or *secondary*, given in substitution for a violated primary right, or to enforce a primary right or another secondary right. Thus, B's right as a citizen of a State to vote at elections, under such limitations as the law of the State may prescribe, his right of personal security, that is, his right against persons generally not to have his person touched or interfered with, his right of dominion over the house he owns and occupies, and his right to have C perform his contract to pay a sum of money, are all primary rights. B's rights to remedies for the violation of these primary rights are secondary rights.

In the division of law as given below into nine great groups, under each primary right are included the secondary rights arising from it, whether they are substitutes for a violated primary right, or are rights to remedies, such as an action at law to recover money damages, a suit in equity or a mandamus to enforce the specific performance of a duty, or an injunction to prevent the threatened violation of a right. An exception is made as to so much of the law of remedies as can be stated more conveniently by itself under the seventh head, Procedure. As a duty never exists without a

right-holder to assert it, who is either a private person or the State, it is generally unnecessary to consider duties apart from rights. In the classification, in the absence of special facts, calling for a departure from the general rule duties are placed under their corresponding rights.

The classification of law presented in this paper differs from the usual classification of Roman law, among other things, by grouping under the several primary rights the remedies for their violation and the duties corresponding to such rights.

A legal *power*, as the term is used in this classification of law, is capacity to do an act which persons generally are under a legal duty to recognize as lawful. In many instances a person has legal power to do an act without having a legal right to do it. For example, a judge has legal power to render a wrong decision, but no legal right to do it. A corporation has legal power to do many *ultra vires* acts, but no legal right to do them.

A *right in rem* is a right availing against persons generally, and is a right to forbearances. The duty-bearers are indeterminate. Only a few of them can ever be specifically known. Any one in the State may become a duty-bearer. For example, a man's right to personal security, his right of dominion over land and cattle owned by him, his right to a patent for an invention granted him by the government, are rights *in rem*. A man's right of ownership over a tract of land or a movable is a typical right *in rem*. He has a right of dominion over specific matter and a right against men generally that they forbear to interfere with it. From this typical example the class, rights *in rem*, extends to other rights more or less similar. In this classification of law a right *in rem* denotes not only full ownership, but lesser rights into which the full right may be split, *e. g.*, it includes an easement, a leasehold, a reversion, a lien. It includes a man's rights of dominion over himself and over other men. It includes also a patent for an invention, a copyright, a right

to a trade-mark. In these cases there is no specific matter, inanimate or living, over which dominion is exercised, but there is a right against men generally that they forbear to interfere with a certain class of acts by the right-holder, similar to those he would exercise over specific matter.

A *right in personam* is a right availing against a specified individual or individuals, and is a right either to acts or to forbearances. For example, a promisee's right against a promisor to have the latter perform his contract is a primary right *in personam*. All rights to remedies for violated rights *in rem* are rights *in personam*.

Further explanation and definition of terms will be given in the course of the statement of the proposed classification of law and at its close.

A nation's law, as it exists at any date in the nation's history, whether expressed by a written constitution, by statutes, by case law, by customs, or, as is now usually the case in civilized countries, by all of these in combination, may be conveniently grouped under nine great heads, as follows:

1. **Structural Law**, which relates to the organization or structure of the government; which fixes the number and names of legislative, executive and judicial offices and boards, and of territorial and other public corporations; which prescribes how such offices, boards and corporations shall be created and destroyed, filled and vacated; and which prescribes the powers, rights and duties attached to such offices, boards and corporations, the remedies to enforce such powers and rights, and the penalties by which the performance of such duties is coerced. This head includes the jurisdiction and rights of courts, and the powers and rights of judges and juries as public officers and constituent parts of courts. This head and the next may be conveniently denominated, Public Law.

The term, constitutional law, has been avoided as the name of this head because it denotes much extrinsic matter, and does not include the whole of the subject. As commonly

used it embraces all matter contained in a written constitution, although such matter does not relate to the structure of government. For example, a provision that railway corporations shall not consolidate is part of the sixth head of the classification, Status, not of structural law, but such provision is constitutional law in the State of Illinois because embodied in the constitution of that State. On the other hand, the phrase, constitutional law, is too narrow. The greater part of the law governing both major and minor public agents is contained in statutes, and hence is not denoted by the phrase. The expression, organic law, has been avoided as the name of this head, because it does not suggest the law governing minor government agents as well as the law governing the legislature and the principal judicial and executive officers of a State.

2. **Public Law, Part Two**, which relates to the rights of a State against persons, and the rights of persons against the State and Public officers as such. Under its first branch it includes, (1) criminal law, which defines crimes and their punishment; (2) criminal procedure; (3) many rights to the performance of active duties by subjects, such as the payment of taxes, and the performance of military and jury duty; (4) the rights of the States as an owner of property, and as a contractor; (5) civil suits by the State. It includes also, much of so-called administrative law, *e. g.*, much of the law governing the currency and weights and measures. Under its second branch it includes (1) the primary rights of individuals against the State, such as the right of an elector of a republic to participate in the government of his country by voting; and (2) the enforcement of such rights against the State, *e. g.*, by suits against it, brought with its consent.

To speak of the rights of a person against the State may seem at first blush inaccurate to those who hold with Austin that the sovereign cannot be a duty-bearer. It does not seem to violate any legal conception, however, to regard the

sovereign as a duty-bearer, when he voluntarily submits to be sued in his own courts either by name or by suits brought nominally against his officers.

3. **Law of Persons**, which relates to a person's rights of dominion over his own body, life and reputation and over the body, life and reputation of other persons. Examples of rights of the first group are, the right of bodily security; the right of occupation, *e. g.*, a person's right to do whatever he likes wherever he is; the right of residence; the right of locomotion; the right of free speech; the right of reputation, protected by the actions of slander and libel; the right to worship freely; and the right to assemble. Since the abolition of slavery, in this country, rights over others are here of small importance, and are confined chiefly to the family relations. This head includes, in addition to rights *in rem* as to one's self and over others, (1) non-contractual rights *in personam*, closely related to such rights *in rem*; (2) contractual rights, which are closely related to such rights *in rem*, and which are subtracted from the head, Contracts, as given below; (3) torts, *i. e.*, injuries, which violate the primary rights involved, as for example, an assault violating a person's primary right of personal security, and (4) the right-holder's remedies therefore, *e. g.*, a *habeas corpus* suit as a remedy for false imprisonment.

The name, Law of Persons, given to this head of the classification of law, is used in deference to established usage and because we have no better one. It is to be remembered, however, that the group of rights comprising this head is no more closely connected with persons than are the other branches of the law.

The head, Law of Persons, and the next three may be conveniently grouped together under the term, Private Law, which primarily signifies the rights of one private person against another including the rights of a private person against a public officer, except so far as the latter is exempt from personal liability as an agent of the State.

4. **Property**, which relates (1) to a person's rights of dominion over land, including water; (2) to a person's rights of dominion over inanimate movables, including fixtures, and over animals; and (3) to patent rights, copyrights, trade-marks and their like, and special privileges (*i. e.*, franchises), all of which may be described as rights of dominion over indeterminate tangible matter. A right of dominion is a right to use and convey the thing owned and to exclude others from using and conveying it. This head includes, in addition to rights *in rem* (1) non-contractual primary rights *in personam*, closely related to such rights *in rem*, *e. g.*, a landlord's right to demand rent from his tenant; (2) contractual rights which are closely related to such rights *in rem*, and which are subtracted from the head, Contracts, as stated below; (3) torts, violating proprietary rights; and (4) the remedies therefor, *e. g.*, an action at law to recover pecuniary damages for waste, an injunction in equity to restrain waste. It includes the creation, transfer and destruction of rights of ownership, *e. g.*, by deed, by will, by descent, by long possession, by estoppel. The law relating to each estate in land can be conveniently grouped as follows: (1) name, definition and divisions; (2) how created, transferred and destroyed (investitive, transvestitive and divestitive facts); (3) powers, rights and remedies of the owner; (4) duties and liabilities of the owner.

5. **Contracts**, which head relates, for the most part, to the rights of one person against another, arising from agreement. A contract is an agreement to which the law annexes a duty.* This head includes the violation of contracts and the remedies therefor. Contracts, considered as investitive, transvestitive or divestitive facts, *i. e.*, creating, transferring or destroying rights *in rem*, *e. g.*, title to land, a patent for an invention, or entering into the creation or destruction of a status, *e. g.*, in cases of marriage, in the formation and dissolution of private corporations—are treated under the

* Langdell, 1 Har. Law Rev. 56, n. 1.

primary rights to which they relate. The word *status*, as used in the last sentence, means membership in a legal class of persons; it does not there mean, as in the next great head of law, classes of persons.

This head includes non-contractual primary rights *in personam*, not included under the heads, Law of Persons, and Property, such as, the right to have a surgeon practice his art on the right-holder with skill.

6. **Status**, the law governing exceptional classes of persons, such as minors and lunatics. This head is formed by subtraction from the four preceding heads. It includes the law of private corporations, of partnerships, the law of principal and agent, master and servant, guardian and ward, and a part of the law of family relations. It includes (1) the name and definition of each class and the division of it into sub-classes; (2) the means by which members of each class are created and destroyed; (3) the powers, rights, and remedies of members of each class; and (4) their duties and liabilities.

7. **Procedure**, which comprises such matters relating to the enforcement of primary rights as cannot, on account of their generality, be conveniently treated under the preceding heads. It includes the heads, Pleading, Practice, Evidence, and Measure of Damages and part of the law of Judgments.

The jurisdiction and rights of courts, and the powers and rights of judges and juries as constituent parts of courts, fall logically under the first head of this classification, Structural Law.

8. **General Principles, Rules of Construction and Definitions.**—This head includes the general rules relating to estoppel and negligence. It is convenient to group general principles by themselves, because they are applied under all of the preceding great heads of law, and therefore could be treated under any one of such heads only in an incomplete manner. The principles collected here are secondary principles, which express applications of the two primary princi-

ples, justice and utility, on which all statute and case law as well as morality are founded. These secondary principles have been formulated for the most part in the inquiry into the ethical grounds on which law should be framed, not by an analysis and classification of established legal rights.

9. **The Law of Nations**, the quasi law governing the intercourse of the nation whose law is to be classified with other nations. The variations of law, which are caused by the absence of persons or things from the national territory, or by the occurrence of some transaction abroad, that is, the subject, sometimes denominated, Private International Law, is broken into parts and is distributed to all the great heads of the foregoing classification. Admiralty law, the law of the sea, falls logically under all the nine great heads of law; but for convenience of reference the greater part of it may be collected under the present head.

The foregoing classification admits of considerable latitude in the distribution of the law. For example, the greater part of the law of family relations may be collected either under the head, Law of Persons, or under the head, Status; much of the law relating to remedies may be collected either under the several primary rights to which such remedies relate, or under the head, Procedure. Convenience must decide what shall be done in dealing with the law of a particular country at a given time, keeping in view ease of reference, historical development and scientific arrangement. The classification here given is applicable to past systems of law, which recognize proprietary rights in men, that is, slavery, and proprietary rights in public offices.

The importance of ease of reference in any arrangement of the law for every day use by the bench and bar may make it advisable to arrange the topics comprising the nine great heads of law under each of those heads alphabetically.

The division of rights into legal and equitable, known to American and English law, and similar divisions in the law

of other nations—for example, the division of Roman law into the old Roman law, and the law built up by successive pretorian edicts—have come about by historical development; they have not been formed by a logical analysis of the matter classified. The division of the whole field of law into legal law and equitable law, is a division which crosses the classification set forth in this paper. Under this classification, however, the distinction between law and equity may be preserved. It is always possible, in describing a right, to state that it is recognized and enforced by courts of law or by courts of equity, or by both, and such a statement is sufficient to preserve this distinction. Equity law, as it exists in this country to-day, is not only a system of remedies to enforce primary rights, recognized by courts of law, but it also comprises equitable primary rights, enforced by courts of equity and not recognized by courts of common law; for example, the rights of a beneficiary of a trust, technically called a *cèstui que* trust, against his trustee. By far the greater part of equitable primary rights fall under the heads, Property and Contracts. Very few equitable primary rights are found under either head of Public Law or under the head, Law of Persons, or, except as they are property or contract rights, under the head, Status. The application of equitable remedies is also confined, for the most part, to the heads, Property and Contracts. In criminal law there are no equitable primary rights nor equitable remedies.

The distinction between law and equity is by no means the only historical line of distinction to be encountered in a classification of our own law. During the period of the English colonization of America, and at the time of the adoption of the United States Constitution, there were, in England, five systems of courts which administered, not only different remedies to redress violated primary rights, but differed in their recognition of primary rights, *i. e.*, administered somewhat different systems of substantive law. These courts were the common law courts—the ecclesiastical

courts, exercising as part of their jurisdiction probate jurisdiction over personal property, and having exclusive jurisdiction to appoint administrators and to grant a divorce from bed and board—admiralty courts—courts-martial, military and naval—and chancery courts, exercising a general chancery jurisdiction, supplementing and controlling the other courts. Laying out of view courts-martial, the systems of jurisdiction and substantive law, which were administered by these courts, survive in our own law, although the different systems of substantive law are now nearly fused and the jurisdiction of the courts re-distributed.

It will be instructive to compare the arrangement of the matter in several of our more celebrated treatises and compilations, dealing with the general law of some nation, with the classification of law stated in this article, I have selected for the comparison, "Kent's Commentaries," the "Code Napoléon," "Blackstone's Commentaries" and the "Institutes of Justinian."

Chancellor Kent divides his Commentaries on American Law into six parts. Part 1, he devotes to the law of nations; part 2, he devotes to the structural law relating to our national government in its three departments, legislative, judicial and executive; part 3, he devotes to the sources of American law and, under that head, he treats of matters falling, for the most part, under head 8 of the classification in the text, which relates to general principles, rules of construction and definitions; part 4, he devotes to the law of persons and status; part 5, he devotes to personal property, including contracts; and part 6, he devotes to real property. It thus appears that his treatment of structural law is confined to that part of it relating to the national government. As to the structural law of the States of the Union he is silent. Of Public Law, Part 2, as that term is used in the classification given in the text, *i. e.*, the rights of the State (represented in this country by the national government and the governments of the several States of the

Union) against individuals and the rights of individuals against the State, he has almost nothing to say. He does not treat of criminal law and criminal procedure. He treats only incidentally of civil procedure.

The Code Napoléon, treating of French law, is divided into three books. The first book, entitled "Of Persons," is devoted to the topic, citizenship, falling under the head, Public Law, Part 2, and to various topics, such as marriage, divorce and guardianship, falling under the heads, Law of Persons and Status, as those terms are used in the classification of law given in this paper. The second book, entitled "Of Property and the Different Modifications of Property," is devoted to a part of the law of property. It enumerates various kinds of ownership and some of the incidents attached to each kind. The third book, entitled "Of the Different Modes of Acquiring Property," is devoted to the topics, (1) succession, *i. e.*, the transmission of property by descent and by will; (2) contracts; and (3) some matters of procedure, such as the arrest of the defendant in a civil suit. The great heads, Structural Law, and Public Law, Part 2, the rights of the State against private persons, including criminal law and criminal procedure, and the rights of private persons against the State, are not treated, with the exception of the single topic, citizenship. The head, Law of Nations, is not treated at all, and the other great heads, Law of Persons, Contracts, Status, Procedure, are treated only in a very fragmentary manner.*

Blackstone treating of English law divides his Commentaries into four books, preceded by an introduction. The latter he devotes to general topics, most of which fall under head 8 of the classification of law in the text. The first book, entitled "The Rights of Persons," he devotes to the

* It is proper to state that four other codes were promulgated by France between 1804 and 1810 namely (1) the code of commerce; (2) the code of civil procedure; (3) the code of criminal procedure; and (4) the criminal code; these supplement to a considerable extent the deficiencies of the first code.

structural law of the legislative and executive branches of the English government and to the subjects indicated by the title of the book, *i. e.*, the Law of Persons and Status, using these terms as they are used in the foregoing classification of law. The second book he devotes to primary property rights, including some matter on contracts. The third book he devotes (1) to the structural law relating to courts of justice; (2) to torts, *i. e.*, to violations of the law of persons, of property and of status; and (3) to civil procedure, *i. e.*, remedies to redress and prevent torts and violations of contracts. The fourth book he devotes to criminal law and criminal procedure. He devotes no separate space to the second branch of Public Law, Part 2, the rights of persons against the State, nor to the Law of Nations, but touches upon these subjects under other heads. He omits no extensive topics as do Kent and the authors of the Code Napoléon, but his arrangement of matter is not well adapted to show the true relations of its different parts.

At the time the great body of Roman law was digested and codified under the orders of Justinian, an elementary textbook of the Roman law was prepared by his direction, called, the "Institutes."* It is divided into four books. The first book is devoted, (1) to general topics, which, according to the classification of law in the text, would be grouped under head 8 thereof, relating to general principles, definitions and rules of construction, and (2) to the law of persons and status. The second book and a part of the third are devoted to property, including inheritance. The remainder of the third book and part of the fourth are devoted to obligations, *i. e.*, contracts and *quasi* contracts. The remainder of the fourth book is devoted, in great part, to civil procedure, and a few paragraphs at the end are devoted to criminal law and criminal procedure. The three great heads, Structural Law, relating to the organization of

* See a tabular arrangement of Justinian's "Institutes," Hunter, "Roman Law," p. xxvi; Moyle, "*Imperatoris Justiniana Institutionum*," vol. 2. p. vii.

the government, Public Law, Part 2, relating to the rights of the State against individuals and to the rights of individuals against the State, and the Law of Nations, receive only slight and incidental treatment. It is to be remarked, the phrase, *jus gentium*, in the Roman law, does not mean the law of nations, as that phrase is used in the foregoing classification of law. The Roman phrase signifies such municipal law as is common to nations generally.*

The classification of law stated in this paper does not include the whole science of law. That embraces: 1. The present law in force in different countries. 2. The descriptive history of law, consisting of a statement of the law in force in different countries at successive dates. 3. The principles of the evolution of law and comparative law. 4. The art of legislation, embracing the application of the knowledge of the evolution and history of law to the moulding of future law by legislatures and courts, and specific measures of law reform.

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* "Kent's Commentaries," 12 ed. vol. 1, p. 1, n. 1.

AMERICAN LIFE INSURANCE METHODS.

Life insurance is in all cases essentially a simple operation, embracing at most four or five easily comprehended elements. The moneys paid in by the insured form a fund which may or may not be improved by interest; from this accumulation from time to time are deducted the death-losses and other maturities paid and the expenses of the company. The remainder, if any, is either carried forward, sometimes as policy-credits, sometimes as a general fund, or else is divided among the insured. It will be observed that in any case the operation is radically mutual, the same persons being in effect if not in name both insurers and insured.

Of course, these four simple elements—to which might be added a fifth, namely; the increase of individual shares in the fund by the diminution of the number interested—admit of a variety of permutations and modifications. The diversities created by modes of treating these elements have led many men to think that life insurance is complex and indeed undecipherable to any but the most expert. This idea has been fostered by persons interested in preventing too clear an understanding of life insurance becoming common. On the one side it has suited many to get a reputation for learning by looking wise and talking in cabalistic language. On the other side it has subserved the selfish interests of many others to cause the people to think that this mystery is for no purpose but to conceal fraud. Both sides are equally disposed to avoid the light which might interfere with their personal ends.

To begin at the beginning, there are several ways of collecting the premiums, falling naturally into two groups, namely; payment in advance or payment upon call after the death for which indemnity is demanded. The latter was

properly called the assessment plan, not because other plans do not also assess the losses, but because this plan brought that fact home to all concerned by assessing against money in the members' pockets instead of against funds already paid in by the members. Few of the so-called assessment companies now-a-days make use of this plan, they are no longer really assessment companies.

Whether premiums are collected before or after the losses occur, naturally has a bearing on the interest question. If no funds are carried in hand, the interest factor is perforce eliminated from the problem. In many cases, where funds are collected in advance, they are not materially in excess of current demands and no interest is earned. Often too, when the funds in hand are not inconsiderable, interest plays no part in the transaction, being no part of the scheme of the society. Companies which use interest as a factor in their computations variously credit it, some credit each policy with the average interest actually earned upon its entire share of the assets, others deduct something for the expense of management, and yet others credit only an arbitrarily fixed rate.

In this connection it is proper to remark that claims put forward by insurance companies to opportunities for investment superior to those of private persons may be dismissed as nonsense. The rate of interest earned may differ and indeed does differ in the various companies owing to the accident of location or to the policies of the management, but a life insurance company has no better opportunities for investment than any other person or corporation in the same locality. Some companies for inscrutable reasons choose to invest their assets principally in convertible securities, receiving a smaller revenue on that account. No such interest can be expected on deposits subject to check as on time deposits and the same law obtains in the security market. As there is practically no danger of a sudden and forced liquidation of insurance companies whose liabilities

mature gradually, and as there are wide fluctuations in the current prices of listed, negotiable securities which have many times caused the ruin of companies otherwise solvent, there would seem to be no good reason why the insured should forego any profit upon their invested funds in order to secure the doubtful advantage of ready convertibility. The members desire absolute security on the part of insurance investments and expect as large returns as can be had without endangering that safety. They willingly surrender all chance of speculative enhancement of values when they invest in the life insurance companies, they do not wish to run the risk of speculative decline.

About no factor in life insurance is there so wide a disagreement as about the proper apportionment of death-losses. The methods in vogue are readily classified into three divisions. One mode which was most popular with the earlier assessment companies, was to tax the death-losses equally—so much per member or per thousand of insurance without regard to age. Another method taxes death-losses by some fixed proportion according to the age at entry. Usually this gradation is taken from some mortality table, and results from a misconception of the significance of natural premium tables which are intended to cover an increasing premium, as will be hereafter explained. But a class of societies has arisen in the West, which operate upon a plan which fixes the rate of assessment in proportion to the years of one's age at entry, that is, for ages 30 and 40 in the ratio, 30 : 40. This is artificial and puerile, and it is a relief to know that its originator, once so proud of it, has recently experienced a change of heart. The successful and economical management of this first society served to conceal the defect of the plan for a long time, and to make others think that the success was the consequence of the perfection of the plan.

It is apparent that there is a greater risk at age 40 than at age 30, and that, other things being equal, there is as great a hazard in covering a life now at age 40, but admitted at

age 30, as in covering another life just admitted at age 40. Indeed, taking into account the value of fresh selection, the hazard of the former may well be considered the greater. That a man was insured at age 30, constitutes no valid argument for allowing him when at age 40, to contribute to the fund for paying losses as if yet 30. If such be permitted, he will pay less than his insurance costs and is worth, and as the operation is mutual, some one else must pay more than insurance is worth to make it good. The question of the apportionment of losses has nothing whatever to do with that of level, irregular or rising premiums.

The method of assessing losses by an advancing or sliding scale is mostly used now-a-days, even in co-operative companies, which fact is a recognition of sound principles of life underwriting. In legal reserve companies this method is fundamental and universal. In its crudest form it appears in arbitrary advances of the rates of assessment at intervals, usually of one year, but often of longer periods. Sometimes this advance is made a less objectionable bolus by guarantees, or at least assurances, of a maximum rate beyond which no advances should be made, or that no advance will be made after a certain age or duration of membership is attained.

Usually, however, in the more progressive co-operative companies, and always in regular companies, the actual death-losses are taxed against the members in proportion to the cost of insurance at current ages, according to a standard mortality table. The three tables in use in this country were deduced from the actual experience of companies, the Actuaries, from the combined experience of several British offices, the American from the experience of the Mutual of New York, and Meech's, from the experience of thirty American companies. The first is in general use throughout the country, the second in the offices of several companies, and the last in the offices of two advanced co-operative companies at least. All of these tables provide for a

gradually, but irregularly increasing mortality, converging to one hundred per cent at age 95 or 100. The percentages of annual cost at the various ages form the natural premium table, and that is the basis of the assessment of losses among the members.

In order to illustrate these radically different modes of taxing losses, suppose a loss of \$3 to be made good by three men now aged 20, 30 and 40. The first method described, that of equal assessment without regard to age, gives the following result:

$$\$3 / 3 = \$1 \text{ each.}$$

Assuming that all of these have just been admitted and are therefore assessed at their present ages, the method next described would give this result:

The sum of all the ages is $20+30+40 = 90$.

$$A \ 20 / 90 \times \$3 = \$60 / 90 = \$.66\frac{2}{3}$$

$$B \ 30 / 90 \times 3 = 90 / 90 = 1$$

$$C \ 40 / 90 \times 3 = 120 / 90 = 1.33\frac{1}{3}$$

$$\text{Total, ... } \$3.00$$

Assuming, on the contrary, that all were admitted at age 20, this method would give a result equivalent to that of the first, as each would be assessed equally.

Assuming that A had just entered, B entered five years before, and C ten years before, the computation would be as follows:

A, age at entry 20

B, " 25

C, " 30

Sum, . . . 75

Therefore,

$$A \ 20 / 75 \times \$3 = \$60 / 75 = \$.80$$

$$B \ 25 / 75 \times 3 = 75 / 75 = 1$$

$$C \ 30 / 75 \times 3 = 90 / 75 = 1.20$$

$$\text{Total, ... } \$3.00$$

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Three modes of assessing expenses have been in vogue. One method makes the expense-cost directly proportional to the mortality-cost. This is now uncommon except as a partial provision in societies which try to cover up the fact that they are spending more than the amount intended for that purpose. One great regular company also uses this method in part, and their actuary skillfully defends it on scientific principles. Another method, more common among the co-operative societies but in use by some regular companies, is to charge a level amount per thousand of insurance for expense purposes. This is evidently fair but in practice, owing to the well-nigh universal custom of remunerating agents by a percentage commission, it works invidiously so as to confine the business of such a company to risks at certain ages only when the commission offered chances to exceed the percentage commission allowed by other companies at the same age. This plan ought, however, to be thoroughly tested before abandonment as it is obviously the just plan.

Among regular companies and in many co-operative societies a different system prevails, the expenses being taxed according to the amount of the premium or more accurately according to the excess of the actual premium over the net premium required by the company's calculations to cover losses only. This excess is known as the loading and is considered to constitute the fund available for expenses. This mode of distributing the expense cost is only defensible on the ground of expediency and because of the exigencies of the business. It bears heavily upon those who have delayed taking insurance until old age; and it also renders endowment insurance with its large premiums and consequently large contributions to expenses less profitable than is desirable.

The words "net premium," employed in the foregoing, call for an explanation which carries us into the distinctions between co-operative and legal reserve insurance. Common sense, which has in most States expressed itself in legislation, demands that a society which undertakes to guarantee to pay

a definite amount upon the event of death and at a guaranteed cost to the insured, should so fix that price and so conduct its business as to make it probable that it can fulfill its engagements. In life insurance this means that a company must not count upon too low mortality nor too high interest. That is all that the expression, legal reserve, means. It is not considered safe in most States for a society to count on a mortuary experience lower than that of the Actuaries' or American tables or upon an interest exceeding four or four and one-half per cent. Such regulations seem reasonable when it is borne in mind that many a company has had a worse mortality experience and that no good trust company would consent to guarantee even four per cent for a man's lifetime. Similar regulations are enforced in other countries by the companies themselves in the absence of law. The only hardship is the sometimes forcing of a receivership when a company is really solvent. This could be avoided by enforcing a high standing as a prerequisite to receiving new business and a lower standard as a condition of continuance of business at all. In calculating the amount of premium which a company should charge, a net premium is reached which does not provide for extraordinary contingencies nor for any expenditure beyond maturities by death or expiry. The actual premium is of course larger in most cases and as has already been explained, the excess is called the loading.

It must be evident that previous to the expiration of the time for which it has been paid to carry the insurance, a company should have on hand sufficient of the premium to cover the probable mortality calls until the next premium is due and payable. It must also be evident that if a premium higher than is required to cover the risk of the one year has been collected on an agreement to furnish insurance at a level price, the company should have on hand more than enough to cover the losses for the remainder of the current year. This is true both because a sum in excess of current

requirements has been collected and should be accounted for and also because at some time in the history of the policy the premium will be inadequate to cover current requirements unless supplemented by a fund accumulated from previous premiums. This is evident since it is the very essence of an average, level or equated premium that it should be higher than the natural premium for a time and then lower.

Reserve valuations which are such an enigma to many, are merely calculations of the amount companies should thus have on hand at a given date. Such calculations are as necessary in term or natural premium companies as in level premium. Every company should have on hand at all times sufficient to cover the policies' share of probable losses by some standard table up to the time the next premium falls due. For instance if a policy has been paid for a year, and six months have elapsed, the company should have at least enough on hand to cover the mortality demands for six months. If the policy is a level premium policy there should be an additional amount on hand to make good the difference between the contract premium and the premium which would be charged at the present age. For a company cannot carry insurance for a man now aged 40 at a less cost just because he insured at 30; yet it is under contract to furnish it at the rate at age 30. This it can very well do if it has in hand from previous premiums a fund sufficient to cover the difference between the two premiums and not otherwise. Fortunately this amount should be in hand unless interest has been lower than was expected or mortality higher, in either of which cases the premium is too low and the reserve should therefore be yet higher in order to make good the inadequacy of the premium.

If the premium paid with its interest exceeds the required reserve, there is a surplus. Formerly it was the custom to return this in whole or in part every year; but now the more popular plan is to permit the accumulation to continue undisturbed for a long term.

In this way the fifth element of a gain to individual members because of discontinuance comes in. This apparent gain results from the diminution of the number of persons remaining to divide the sum total. Recent statistics, however, indicate that this gain is chimerical and more than counterbalanced by the increased expense of obtaining business. Men need more soliciting to be induced to take anything which ties up money under pain of partial or complete forfeiture, than to take something which will in any case be advantageous. That portion of the insuring public who need the least soliciting, those who desire insurance for its own sake, now-a-days insure in the cheaper societies and fraternities practically without solicitation. This is undoubtedly principally the consequence of the harsh surrender conditions of the regular companies, which could make as favorable a showing as to cost if the insured were at all times permitted to withdraw the unexpended portion of his money. This fact, coupled with their unwillingness to furnish pure insurance on cheap, temporary plans, was what caused regular companies to be met by the competition of co-operative institutions which had their birth in the dissatisfaction of the people with the existing companies.

In the light of recent statistics it would seem dangerous to base rates upon a discount of probable gains from lapses. Yet that is what has been done by a leading co-operative company, and while not admitted, is really done by several others, including some regular companies. All of them, however, leave themselves the loop-hole of a privilege to call for more than the stipulated premium if necessary. This is perhaps well for the safety of the company, but is likely to be very onerous on those who when their accumulated funds give out in old age, are compelled to face the large natural premiums required at advanced ages.

Much more might be said about these and cognate matters, but enough has been said to give a tolerably clear idea of the nature of the various contracts. There is, however, one

other feature not connected with the plans of insurance, which widely differentiates the companies, namely; the form of government. Nothing need be said concerning the stock companies, their system is sufficiently understood. The mutual and co-operative companies are for the most part governed by a proxy system which results in placing autocratic power in the hands of one man or a few men. This has been provocative of nepotism, extravagance and other vices which attend absolutism everywhere. In a few companies and societies the proxy system is modified by restrictions which make it more difficult for one man to perpetuate his sway. In a very few companies and societies proxy voting is not permitted at all, and in at least one company no officer, trustee, agent or employe is permitted to vote any proxies. But in none of these is there any earnest effort made to discover the will of the membership.

The only thoroughly American and democratic method of government is that in use by the fraternities, and consists in a representative system intended to draw out an expression of the wishes of the entire membership. It has resulted well, for although no inconsiderable amount is expended by the societies for social purposes, they have proved more economical than have companies managed by the other system. They have also been more popular, and the cost of obtaining new insurances is therefore much less than elsewhere. If this economy of management could be combined with the more reliable and correct plans in use by the regular companies, there would seem to be every reason to expect unequalled results from this system. A yet more direct and democratic system obtains in one of the mutual societies which submits all important questions to a direct vote of the members by mail. In any case it may well be said that these organizations most nearly approximate what accords with the genius of our age and people.

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RELATION OF TAXATION TO MONOPOLIES.

To the legislator and taxpayer taxation is a purely practical matter; to the economist it is a theoretical question having practical bearings. In a treatment of the general subject of economics taxation should be discussed in connection with the distribution of wealth. The State obtains most of its revenue by taxation, by appropriating to itself a portion of the goods resulting from productive effort. If the State is to take this intelligently, it must know from what source and upon what fund it is drawing the sums assessed; and it cannot know this unless the laws governing the distribution of wealth are understood. The only sound basis of a theory of taxation must be a true theory of distribution.

A study of the laws of distribution will reveal the ultimate source from which taxes must be drawn. The State's chief concern in framing tax laws is in the right choice of the particular objects upon which it is wise to levy her assessments. It is known that most objects have the power of shifting the burden of a tax; and it is desirable to know how this shifting process is going to take place, what laws govern the direction it is to take and determine where it is to end. Whenever a tax has been shifted the object taxed has been able to raise prices and change objective values. This change in objective values may not, but quite likely will, modify consumption. Now, the State may set out with the purpose of raising a revenue without altering objective values or modifying consumption, or it may desire to use the taxing power to accomplish just the opposite. Can the State do either one or both of these things, and if so, how? The legislator must find in the laws of distribution, including those which reveal the basis and nature of

value, the knowledge that will enable him to answer the question.

No eclectic treatment of taxation can be fruitful of results, hence the successive arguments which are here presented in the development of a theory of taxation constitute the links in a chain of deductive reasoning. The premises from which this reasoning sets forth being the laws of distribution, these laws are first enunciated as succinctly as is consistent with clearness. As the result of definite laws, which have been stated by the more recent economists, the several factors in production share very unequally in the distribution of the results of productive effort. Monopolies, in whatever way the one using the term may define its meaning, are generally conceded to receive an especially large share in distribution at the present time. In the case of no other recipient of the surplus of production, however, is there so much confusion in the meaning of terms used, and such indefiniteness of thinking; thus the following discussion of distribution may well devote a considerable space to discussing the basis of monopolies, to setting forth their real nature, and to classifying them as sharers in the surplus arising from production.

Economics has ample need of such an analysis as this. A clearer definition and classification of monopolies, if based on a fundamental analysis of the subjective and objective conditions of consumption and production, will throw much light on future discussions of distribution generally, and of taxation in particular. Having enunciated the laws of distribution and classified monopolies, the essay will pause briefly to characterize the different kinds of taxes in such a way as to bring out their real nature, and then proceed with the elaboration of so much of the general theory of taxation as pertains to taxes levied with the purpose of producing no other effect than that of yielding the State a revenue. The purpose of the essay as a whole is to make clearer the relation of taxation to monopolies.

The laws which, taken together, constitute the general theory of distribution are several in number. The gross results of productive effort must cover six items: First, the costs or sacrifices which producers undergo in production. Measured objectively in material goods, this item includes what society must give producers in order to place them in as good a position at the end of production as they were at the beginning. Second, the wages which laborers are able to secure in excess of remuneration for sacrifices. This share of the surplus may be termed surplus wages. It is not a differential fund, and its amount depends upon the standard of life which laborers seek to maintain, and upon the strength which they can exercise in enforcing their demands for such wages as will enable them to maintain or to raise their conditions of living. Third, land rents, the differential income received by the owners of those appropriated natural agents, whose productivity or desirability is greater than that of the least productive or desirable natural agents which society finds it necessary to appropriate. To this must be added a fourth share, commonly called rent by the business man. It is the income received by the owners of the natural agents on the margin of appropriation. There are no lands but what can command some rent; the owners of lands on the margin receive an income which, in economic literature, has been termed marginal rent. Fifth, the differential income which undertakers and skilled laborers can demand because of their superior intelligence or skill. General Walker has applied the term "profits" to the differential income of undertakers, but in the case of laborers, as well, special intelligence and skill enable them to secure differential wages. In the case of undertakers and laborers the differential amounts secured depend upon personal differences in endowments or attainments, and the common term of personal rent may well be employed for the income of both classes. This use of personal rent is exactly analogous to the use of land rent to designate the differential income

from natural agents. The sixth, and last, item, which the results of productive effort must cover, is interest on capital. The amount of this share is fixed, as the recent economists have shown, by the conditions which determine the value that men put on present, as compared with future, goods.

The fact that these items are here stated *seriatim* is not meant to imply that they share according to any given order in the distribution of the gross product. The portion which each receives is fixed according to a definite law of its own. None of the factors in distribution plays the rôle of a residual claimant.

These several shares having been provided for, each according to its own peculiar law, there still remains, in a progressive society such as our own, a large residue or free surplus, the study of whose distribution among the factors of production gives rise to some of the most fruitful investigations that have recently been made in economic theory. It is the distribution of this free surplus which chiefly interests us in this discussion of a theory of taxation; it is necessary, then, to state with some fullness the law which governs the apportionment of this fund among the factors of production.

Before doing this, however, it will be well to present, as clearly as may be, the relation which the several shares of distribution hold to each other. This can best be done by employing, in a modified form, some diagrams, with which the readers of Professor Patten's works are already familiar:

It is, perhaps, hardly necessary to explain that in Figure I the line aj indicates the quantity of goods produced, that the line af represents the utility derived from the first increment of consumption, that the line gj that derived from the last increment, and that the whole figure $afgj$, indicates the total sum of utilities possessing value. The costs necessary to produce these utilities are shown by the figure $abij$. The value of goods produced being fixed

by the margin of consumption, their total value is represented by the figure $a e g j$. The total utility which the consumption of goods affords consumers exceeds their total value by an amount indicated by the area $e f g$. This is the consumer's surplus. The difference between the costs and the total value of produced goods is the producer's surplus, represented by the figure $b e g i$.

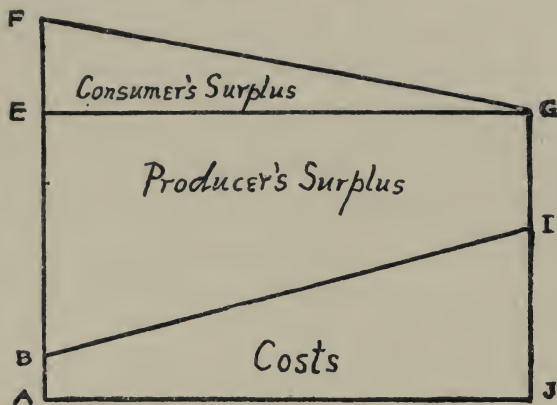


FIGURE I.

Let this fundement diagram now be so modified as to show the relationship which the several shares in distribution have been declared to hold to each other:

Figure II indicates the way in which the several shares participate in the distribution of the producer's surplus—that portion of the entire figure covered by the area $b e g i$. That part of the producer's surplus which goes to owners of natural agents, undertakers and other producers possessing especial intelligence or skill, as the differential incomes of land rents and personal rents, is shown by the triangle $b c i$. Within the quadrilateral $c d h i$ are indicated the non-differential shares distributed as marginal rents, interest, and surplus wages. The five parts of the producer's surplus, personal rents, land rents, marginal rents, interest and

surplus wages, being each determined by an independent law, their amount at any particular time is a definite and fixed quantity. Hence this part of the producer's surplus may rightly be designated (as has been done in Figure II) as the fixed surplus. The remainder of the producer's surplus, *d e g h*, represents a fund which the various factors of production strive to secure. It is a free surplus which

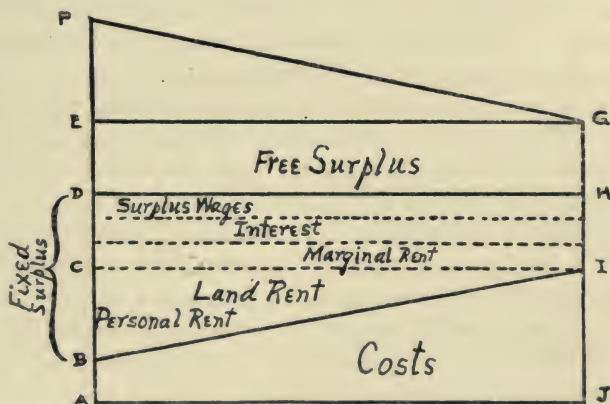


FIGURE II.

goes to the strongest contestants. The producer's surplus is divided into a fixed and a free portion. When speaking subsequently of fixed and free surplus, the fact that they are parts of the producer's surplus will be understood without using such a clumsy term as fixed or free producer's surplus.

The law according to which this free surplus is distributed may now be discussed. As stated by Professor Patten, in his "Stability of Prices," the law is as follows: "Of the factors necessary for production, that factor which tends to increase at the slowest rate will reduce the shares of the other factors to their lowest limits, will have the benefits of all improvements, and must bear all permanent burdens." These factors, according to the classification usual at the

present time, are grouped under the four heads, natural resources or land, labor, capital and intelligence. As concerns the rates of the increase of these four groups, it is probable that the first is, as a whole, increasing the most slowly. Each group, however, consists of many parts, or of many different kinds of enterprises and industries, which are increasing as productive agents at various rates of rapidity and slowness. Although land constitutes the group which, as a whole, is increasing the slowest, it is nevertheless true that parts of other groups are increasing more slowly than some forms of natural resources are being utilized in production. It is necessary, then, in discussing the distribution of the free surplus, not to compare the four large groups with each other, but rather to contrast the individual parts or factors which enter into the large groups. If factor be used in this narrower sense, Professor Patten is strictly accurate when he says that, "Whether any factor obtains a large or small share depends upon its relative rate of increase."* Stated with mathematical precision the law of the distribution of the free surplus would be formulated in this wise: The free surplus of production, the benefits of improvements which increase the free surplus, and all permanent burdens are distributed among the factors necessary to production in

* "The Theory of Dynamic Economics," p. 93. Professor Patten illustrates the working of the above law as follows: "The most extreme case would be when there was no demand for an increase of any of the factors but one. The most slowly increasing factor would secure all the surplus value, and the more rapidly increasing factors would obtain none of the surplus, except their share of the differential gains. Such a condition of affairs would never happen under actual conditions. It merely represents an ideal case, and shows how the distribution of surplus value depends on objective values. Most of the differential gains, however, will be absorbed by rent and profits. In the earlier stage of progress rent will be the prominent element, while in the later stages profits become more important. The increase of intelligence causes society to esteem more highly what were previously regarded as the poorer natural resources, thus reducing the relative importance of rent, and at the same time the increasing differences in men tend to augment profits. . . . There is, however, no sharply defined line between rent and profits on the one hand, and interest and wages on the other. . . . In a dynamic society the tendency becomes stronger to confine rent and profits to differential gains, and to give all the surplus value to the capitalists and laborers. Yet any change in the relative rates of increase will change the distribution of the surplus value, giving a part of it to landlords or to the managers of industries."

inverse ratio to their rates of increase. This law, however, is to be understood as a general one, explaining the normal distribution of the free surplus. It is possible for sudden changes in particular industrial activities, or in legislation, temporarily to suspend the regular operation of the law, to the advantage of the less favored factors in production.

In order fully to explain this law it is necessary first, to show what are the slowest increasing factors which obtain the benefits arising from production and absorb the increasing fund of the free surplus; and second, to demonstrate that these slowest increasing factors must also bear the permanent burdens which nature, or society by tax laws or otherwise, may impose on any agent of production. The former of these two considerations involves the definition, discussion and classification of monopolies; for it will be found that the slowest increasing factors of production are certain kinds of monopolies, whose real nature can be explained only by showing their relation to the various other forms of monopoly.

By a monopoly is meant any productive agent possessing monopoly force. A monopoly force is that which gives to a productive agent the disposal of a definite portion of the surplus resulting from production. This is a broad definition but it is one that will be seen, as the discussion proceeds, to apply to but few factors that have not been more or less frequently termed monopolies. It is broad, chiefly because it indicates the common element of all monopolies and makes it possible to bring them all into relation with each other.

No progress can be made with a discussion of monopolies without first clearly perceiving the basis upon which they rest. This basis is a dual one, to be found in the subjective conditions of men as consumers and producers, and in the objective conditions under which production is carried on. The observation and analysis of objective industrial phenomena will not alone suffice; indeed, the initial point of

the study must be the investigation of the wants and desires of men. These wants and desires are the forces which impel men to adopt and insist on certain peculiar forms of consumption. Consumption thus holds the helm and dictates the course which production must follow. If consumption insist stoutly upon having things which are scarce or difficult to obtain, it furnishes the first of the conditions which make possible the establishment of a strong monopoly. If consumption have the inclination and ability easily to readjust its demands when the objective conditions of production make the satisfaction of those demands a difficult matter, it can partially, if not wholly, take from any particular industry its monopoly power. As between the laws of consumption and those of production, the former are of the greater assistance in disclosing the real foundation of monopolies, whatever may be the form they take in production.

The other fact which gives monopolies a subjective basis is the existence, among producers, of different degrees of intelligence and skill. In producing the things demanded by consumers certain producers, by virtue of their superior endowments or attainments, have an advantage over others; they possess a monopoly force by means of which they are able to secure an extra portion of distributed wealth.

The objective basis of monopolies, that is, the objective phenomena of production which assist an industry to secure a monopoly force, results, as is well known, from the natural and artificial limitations, which condition the supply of those goods and services that consumers demand. Natural resources, especially those necessarily employed in the production of particular kinds of goods, are either limited in quantity or available at any given time under conditions of increasing cost; the same is true of the number of desirable locations for dwellings, sites for business blocks and manufacturing establishments, and of possible routes for profitable transportation lines. This fact gives to the owners of natural agents or desirable sites and routes a monopoly power,

provided the condition of consumption be such as to enable them to take advantage of their ownership by raising prices.

At any given time, then, the strength of the monopoly force which may be secured by an industry will be decided by two things: Objectively, by the physical conditions under which production is carried on to supply the goods demanded by consumers. These conditions decide in what lines of productive effort competition is wholly or partially restricted without recourse to artificial means, and determine in what industries competition can be checked or eliminated by legislation, combination of capital or other artificial devices.

These objective conditions, however, are of significance only because of the conditions controlling the consumption of the goods produced. To restrict or exclude competition in any line of production, and thus to gain control of it, is of value only to the extent that consumption is controllable. The intensity and stability of the demand for the articles produced by a monopoly are what give the monopoly its strength and make it a source of profit. The intensity of the demand which consumers make for the products of a monopolized industry determines the height to which the prices of those products can be raised. The stability of the consumers' demand measures the extent to which they will insist on consuming a particular product instead of trying to satisfy their desires by using some other article.

A monopoly was declared to be any productive agent possessing a force which gives the productive agent the disposal of a definite portion of the producer's surplus; and in the preceding discussion of the basis of monopolies it was said that better grades of land and superior intelligence and skill give their possessors a monopoly force. The incomes derived have been referred to as differential, and termed land rents and personal rents. Lands on the margin of cultivation of availability for other uses than cultivation also constitute monopolies. There being no no-rent lands, and land for many purposes being of limited quantity, the owners of the

least desirable, but necessary, lands are able to command a definite portion of the surplus. The income was named marginal rent. Likewise capital is able to command a definite portion of the producer's surplus; the strength of its monopoly force being dependent on the value which men place on present, as compared with future, goods. Wage-earners, as a class, also secure a portion of the surplus; the force of the monopoly they possess being determined by their standard of life. Such are the monopoly forces that control the distribution of the fixed surplus into five general funds. The forces which account for the disposal of the free surplus give to certain monopolies not only what they may secure in the form of land rents, personal and marginal rents, surplus wages or interest, but more than this. Unless prevented by the State, certain monopolies will receive the entire free surplus.

Before proceeding to discuss the monopolies which secure the free surplus it will be best to give an outline of the complete classification* of monopolies that is here had in mind. A few terms used will require explanation:

		FORM.	INCOME.
Monopolies.	Differential {	Land, Personal,	Land Rent. Personal Rent.
	Non-differential or Marginal . . . {	Optional . {	Marginal Rent. Interest. Surplus Wages.
		Exclusive {	Tallage. Fiscal Taxes.

*The classification of monopolies presented and discussed in this paper is to be accredited mostly to Professor Patten. On January 15, 1894, the author read before Professor Patten's Seminary, at the University of Pennsylvania, a paper on "The Theory of Taxation," in which a distinction was drawn between the two kinds of monopolies here classed as "Differential" and "Exclusive." The discussion which followed the paper induced Professor Patten to elaborate and present to certain members of the Seminary a much more comprehensive classification, which, after slight modifications as the result of suggestions made by the members of the Seminary, assumed the above form. In rewriting his original paper for publication the author has thought it best to strengthen his discussion of taxation by bringing it into relationship with the more comprehensive and fundamental classification of monopolies.

By this classification every recipient of the distributed surplus is termed a monopoly; it receives a definite portion because it possesses a monopoly force which enables it to command that particular amount. The preceding pages have sufficiently explained the basis of the division of monopolies into differential and non-differential made in the classification. The non-differential monopolies may with equal propriety be termed marginal. The fund from which they draw is one fixed by the margin of consumption. The former include lands of superior fertility, locations of especial desirability, and personal intelligence and skill of the higher order possessed by undertakers and skilled laborers. These differential monopolies have no power of exerting any influence upon prices. They simply control the distribution of a fund whose amount is determined by prices. Prices are determined at the margin of consumption by the forces possessed by the marginal monopolies. These forces not only determine what the prices of labor and capital as a whole shall be, but also decide how much society must pay in order to secure the articles which are produced at the margin. The non-differential or marginal monopolies are of two kinds, which may be described as Optional and Exclusive.

This use of the term optional being new in economic literature calls for explanation. It includes the non-differential monopolies enjoyed by individual owners of land, goods or capital and labor. Now, as was stated in a preceding paragraph, each one of these three general factors of production possesses a monopoly force resulting from an independent and definite law. Capital, as a whole, can command a certain part of the surplus as interest because men value present goods higher than future ones. The individual owner of capital, however, possesses not only this, but an additional monopoly force, because of the fact that he enjoys several options as to the way or place in which he may invest his means, and because he always has the choice between

investing his capital or deriving enjoyment by consuming it. If the demands for capital in the railroad or banking business be weak, he has the option of investing in a hundred other enterprises; if no opportunities for investment offer as much satisfaction as can be gotten from consuming the capital, he will choose to do the latter. He possesses by virtue of these facts a monopoly force, which may rightly be termed optional. The marginal landowner, likewise, possesses a similar optional monopoly. The marginal rent which he can command by using his land for agricultural purposes will never be less than he can secure by changing his farm into pastures or ranches. The rent which he can secure by raising wheat will not be less than he can obtain by growing corn, oats or barley. In a similar way an individual wage-earner has a monopoly force, due to the fact that he has the option of several kinds of work. The option is, of course, limited to the group of laborers of which he is a member. He does not have the option of entering another non-competing group; but within his group he may choose between several kinds of manual labor, between bookkeeping and running a small store, or between many other employments. His option allows him to command the wages of the most advantageous occupation in his group. Reference is here had to non-differential wages; if the person possess greater skill or intelligence than other workmen doing the same kind of labor he will also be able to secure differential wages.

The other kind of non-differential monopolies was termed exclusive, because they represent factors of production that are able to exclude competition. In the differential and optional monopolies the various subjective and objective conditions to which attention has been called bring about a restriction of competition, but not an elimination. Land rents and personal rents are competitive. Marginal rent, surplus wages and interest have each a very definite maximum which competition will not let them pass. In certain

industries, however, it is possible to exclude competition, and they thus possess an exclusive monopoly force. This exclusive monopoly force may be possessed by a business as a whole, or may be held only by certain branches of a large enterprise; every complex business necessarily includes many factors of production under one common organization; some of these factors will be differential monopolies, some optional and others exclusive.

Exclusive monopolies are classified as Private and Public. What each of these is and what kind of an income each obtains require a discussion of some length. Before beginning this it will be well to stop at this point in the discussion of monopolies long enough to bring out more clearly the relationship of the foregoing classification of monopolies with the general theory of distribution that was represented by Figure II on page 73. The following diagram will show that relation graphically:

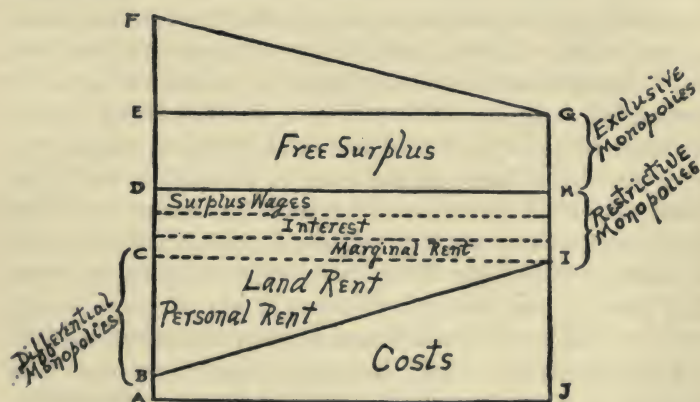


FIGURE III.

The exclusive monopolies are here represented as receiving all the free surplus, they being of two kinds, public and private. The former kind will be discussed more at length later on; it is the monopoly which the State holds in her

taxing power, a power that enables her to take of the surplus of production such a sum as she may desire. Under private exclusive monopolies are included those that are able to exclude competition.

There are several means through the aid of one or more of which an industry or a factor of production can exclude competition. Legislation affords one of these means in granting patents, copyrights and charters. The charters granted to transportation, electric lighting and gas companies often furnish the only condition necessary for the exclusion of competition. By the combination of capital in large amounts, also, competition is often prevented. The operation of the trust and pool is well known. The industrial enterprises, thus combined under one ownership or management, may consist principally of the differential monopolies, land and intelligence or skill, as in the case with the Standard Oil Company, or the businesses which these unite may be but secondarily differential monopolies, and consist chiefly of the optional class. Land may be required in but comparatively small amount, and the employment of labor and capital be necessarily large, a condition of things which holds true of the Sugar Trust. The Standard Oil monopoly was made possible because of the limited area of oil lands; the Sugar Trust has been established because Mr. Havemeyer has great sagacity, and has had command of very large amounts of capital. The Sugar Trust has driven competition from a field where it was strong, and holds it out at present only by a very sagacious management of large amounts of capital.

The various special ways by which competition is actually excluded or restricted in industry need not be dwelt upon at length. Suffice it to say that the more fully competition can be excluded from an industry the stronger becomes that industry's position in production, the more is it able to check the rate of its increase, and thus to compel society to pay liberally for any rapid expansion that may be desired of the business. The slowest increasing factors of production are

those that are able to exclude competition, in other words, the exclusive monopolies. Theirs is the industrially strong position. The differential and optional monopolies possess forces which give them definite portions of the producer's surplus; the exclusive monopolies obtain these portions and more; to them goes the free surplus.

As Figure III indicates, the producers on the margin of production obtain none of the fund secured by holders of differential monopolies. If these marginal producers possess only optional monopolies, they will, as a class, receive, at any given time, only that portion of the surplus which the monopoly forces of marginal rent, surplus wages, and interest are able to command. The individual members of this class of producers will be able to control differing portions of the fund thus distributed, because they possess options of unequal strength.

If the holders of optional monopolies are not producing along the margin, they will also secure a part of the differential fund distributed as rents, land and personal. Any producer or business having only differential and optional monopoly forces is operating in the realm of competition. If, however, the subjective conditions controlling consumption, and the objective conditions of production, to which reference has been made, be such that the increase of any form of production can be rendered slower than the rate with which society enlarges its demand for the products of that particular kind of production, then the producers in that field possess a monopoly due to the exclusion of competition. The comparative strength of the monopoly forces thus held depends upon the relative rates of the increase of those factors of production in which the exclusion of competition is possible. The exclusive monopolies divide among themselves the free surplus which exists for distribution at any given time in the ratio of their relative strength.

The restricting phrase, "at any given time," is inserted in the preceding sentence because the different portions of

the fixed surplus change in amount from time to time. The monopoly forces yielding the incomes, rents, interest and wages vary. While agricultural rents, for various reasons, are falling in America, urban rents are rising with the growth of cities, and with the increase of economic and social conditions which give to limited areas great value, as business sites or as "fashionable quarters" for the residence of the wealthy. The differential incomes which skill and intelligence command as personal rents are probably increasing somewhat. Surplus wages are growing with the rise in the standard of life. Interest is doubtless falling. In a word, the fixed portion of the producer's surplus is a definite sum at any given time; but changes constantly, and is at present probably increasing. But the growth of the fixed surplus, as a whole, does not keep pace with the progress in production. The free surplus is becoming steadily larger as society advances.

The free surplus has been shown to go to exclusive monopolies. At present the monopoly force which commands most of the free surplus is held by private individuals. It will be shown directly that the State may possess herself, through tax laws, of as strong an exclusive monopoly force as she may choose to have. The income derived by private exclusive monopolies is one with which economic literature thus far has not dealt. It has no name. In the classification on page 78, I have called it "tallage." The term suggests a levy which the politically or industrially strong make upon those who are weaker. According to Webster the verb "tallage" still means "to lay an impost upon; to cause to pay tallage." In presenting this word for introduction, I have sought to coin a term whose meaning suggests as much of the new idea as possible. This tallage does, and, at the same time, has the advantage of not being in common use.

It was said that in order to explain the law of distribution fully, it was necessary to show which are the slowest

increasing factors that obtain the benefits arising from improvements in production; and second, to prove that these slowest increasing factors are also obliged to bear all the permanent burdens that may be imposed by nature or society upon any agent of production. The former of these two tasks has been performed by the foregoing analysis and classification of the several monopoly forces which control the distribution of the surplus. The second task can be accomplished more quickly.

The statement of the law of distribution was: The free surplus of production, the benefits of improvements which increase the free surplus, and all permanent burdens are distributed among the factors necessary to production in inverse ratio to their rates of increase. That the slowest increasing factors of production, the exclusive monopolies, must bear all permanent burdens, can be shown by either one of two lines of argument: The factors of production possessing the monopoly force which makes them differential monopolies, have that force because society has need of those factors. Society having this need gives the differential monopolies enough of the surplus to cause them to increase with sufficient rapidity to enable them to supply society's wants. If an added burden be permanently imposed upon such factors and a part of the surplus formerly obtained by them be taken, their rate of increase will lessen. This will strengthen their monopoly force. Society will lose a part of the supply desired, unless it increase the portion of the surplus given the differential monopolies by bidding higher for the products of these factors of production. The same is true of those factors which are optional monopolies. Both kinds of monopolies obtain definite portions of the surplus, portions which are safe-guarded for them by the monopoly forces whose nature and basis were outlined above. Society does not give these differential and optional monopolies all the surplus, and, as long as that is true, these factors will be able to pass the burdens, which may be permanently imposed on them, over to those factors,

a part of whose income is derived from the free surplus, and is, therefore, not insured against attack by virtue of possessing differential or monopoly forces. The truth of this conclusion has been excellently shown by every attempt to tax interest. Capital, possessing a monopoly force which enables it to command a definite portion of the fixed surplus, is safeguarded against the burdens which taxes may impose upon interest. Such burdens are inevitably shifted to the free surplus.

The other line of argument by which the same conclusion is reached is similar and differs only in being based more directly upon the phenomena of value. The industries receiving none of the free surplus can bear no added burdens, because, if such burdens be imposed, they must either raise the prices of their products or lessen the supply. If the supply be kept intact, and prices be increased by the amount of the burden, prices of other products must fall. The burden will be shifted upon other producers, because general values cannot rise. Likewise a burden falling on an industry increasing at a medium rate will also be shifted. The amount of free surplus which such an industry is receiving is only sufficient to induce it to maintain the position it holds in production. Society gives it a certain amount of the surplus to induce it thus to maintain itself. Unless it can shift the permanently added burdens, society will find the desired supply of the products of that industry lessened. Permanent burdens therefore, rest on the slowest increasing factors.

Taxes are one form which a permanent burden, or requisition, upon the surplus of production may take. Like other burdens, they will, after they have been in force long enough for business to adjust itself to the conditions they establish, fall, in their final incidence, on the slowest increasing factors of production, the exclusive monopolies. Taxes thus stand most intimately connected with the problem of distribution and the theory of monopolies.

This relationship of taxation to distribution and monopolies can be considered to somewhat better advantage if the foregoing classification of monopolies be somewhat modified, so that the fixed and free surplus will be more definitely contrasted. Thus changed the classification becomes:

		FORM.		INCOME.	
Monopolies	Restrictive	Differential	{ Land Personal	Land Rent Personal Rent	Fixed Surplus
		Optional	{ Land Goods Labor	Marginal Rent Interest Labor	
	Exclusive	{	{ Private Public	Tallage Fiscal Taxes	Free Surplus

There is only one new term introduced into this classification—"restrictive." As was said above, the differential and optional monopolies are the realm of competition. The monopoly forces do not here prevent competition, but merely restrict it within certain limits. The forces say where competition shall have sway. The exclusive monopolies, however, exist by means of excluding competition. The division of monopolies into restrictive and exclusive, therefore, is a rational one. It is a useful one for the purposes of this paper, because it puts those monopolies to be discussed into a separate class.

In entering upon the discussion of taxation we ought to keep clearly in mind both the relation which costs, the fixed and free surplus, and consumer's surplus bear to each other, and the forces which control their changes. In a progressive society the producer's surplus is increased both by a decrease in cost and by a rise of the margin of consumption. The line which divides the consumer's surplus and producer's surplus (compare Figure I.) is not fixed. Were the margin of consumption to fall the consumer's surplus would grow larger and the producer's surplus would decrease; if the margin of consumption rises the opposite will take place. Social progress implies a rise in the margin of consumption, and a consequent increase in the producer's

surplus as a whole. Furthermore, as was pointed out on page 84 the line dividing the fixed and free portions of the producer's surplus is a variable one, the increase of the free surplus being, at present, more rapid than that of the fixed surplus.

Among the forces which have the power of altering the relation of the consumer's and producer's surpluses, or of changing the relative amounts of the fixed and free portions of the producer's surplus, are tax laws. The real nature of taxes is shown by the changes which they produce of this kind; in this way is their influence on consumption production, and distribution indicated. The best classification of taxes that can be made is one based on their power to produce such changes.

Classified upon this basis taxes are of three kinds, fiscal, social and industrial. That may properly be called a fiscal tax which takes a portion of the free producer's surplus without affecting the amount of the fixed surplus, or producing any change in the consumer's surplus. Such a tax has no effect on consumption, nor on production as a whole; it simply diverts a larger or smaller part of the free surplus from the pockets of the owners of the slowest increasing factors in production into the public treasury. That may be called a social tax which, although it falls ultimately on the producer's surplus—as all permanent burdens do—has, for its immediate effects, modifications either of the fixed surplus or of the consumer's surplus. Such modifications produce social effects through changes in production and consumption. That tax may be called industrial, which is levied for the purpose of so applying the proceeds of the tax as to increase the free surplus by more than the amount of the tax. A tax, raised and applied to the improvement of such an important waterway as the Great Lakes, would be an example. An industrial tax may sometimes take the form of a pure business transaction. Such will be the case if the United States decides to sell its bonds to secure capital

with which to build the Nicaragua Canal, and then pays the interest and principal of the bonds out of the future receipts from the canal.

To give a complete presentation of the theory of taxation, one that treated each of the three kinds of taxes fully and brought them into relationship with the theory of monopolies as presented above, would carry the discussion beyond the limits of this paper. From the sociological standpoint, the social taxes are the most important. A great deal of good can be accomplished by an intelligent use of them by the State. Their nature and influence is inadequately recognized, they demand a full and searching analysis. In this paper, however, that analysis will be waived in order to direct attention to fiscal taxes with the purpose of answering the question, how and where a tax may be levied so that it will yield a revenue without affecting either consumption or production, *i. e.*, without having any social effects.

The source of fiscal taxes, as has been indicated, is the free surplus. The objects upon which such taxes ultimately fall are the slowest increasing factors of production. These are the exclusive monopolies, by whom the free surplus is obtained. Fiscal taxes are paid out of the tallage, the income which the exclusive monopolies derive from the free surplus.

A tax having the free surplus as its source, and the tallage received by the various special monopolies as the objects which bear its burdens, may be so levied as to have no social effects. This levy may be made directly upon the tallage, or it may be placed there indirectly by being first imposed upon objects having the power of shifting the imposition in such a way that neither consumption nor production will be modified.

A direct tax on the slowest increasing factors of production can have no social effects until the tax becomes heavy enough to absorb the entire tallage. There will be no social changes resulting from an alteration in consumption, because

the absorption of the tallage by the State will not affect prices. The products or services of the exclusive monopolies have prices so fixed as to yield maximum gains, hence these prices cannot be raised, to cover the tax, without decreasing the gains. These direct fiscal taxes, however, must be levied upon the gross receipts of exclusive monopolies rather than upon the gross product. If every product be taxed, the exclusive monopoly may find that the point of maximum gains is to be reached by raising prices and decreasing sales. The tax on gross product in that case would not be purely fiscal, but partly social. A direct tax of this kind may be imposed upon tallage without diminishing production. The output of exclusive monopolies will not be lessened nor the investment of capital in them be checked before the tax absorbs all the tallage. As long as the exclusive monopolies receive gains equal to those which they command as possessors of optional and differential monopoly forces, they will prosecute and develop their business activities.

Fiscal taxes may also be indirect. This can be shown to be possible by a line of reasoning analogous to that employed to prove that permanent burdens imposed upon production must be borne by the slowest increasing factors. Fiscal taxes were defined to be those which take a portion of the free producer's surplus without affecting the amount of the fixed surplus or producing any change in the consumer's surplus. An indirect tax being shifted by the first objects upon which it is imposed, cannot be fiscal, unless the tax is shifted from the fixed to the free surplus without lessening the former and without increasing or decreasing the consumer's surplus through changes in consumption. If, however, a moderate tax be levied on a factor of production in which competition obtains, *i. e.*, on a differential or an optional monopoly, and if the factor be one whose articles of production are those for which there is a strong and stable demand, the tax can be shifted without producing social effects. The prices of the articles produced by such a factor can rise

sufficiently to cover a moderate imposition, without sensibly affecting the consumption of staple and strongly demanded articles. This rise in the prices of the taxed articles will cause a readjustment of objective values. General objective value cannot rise, hence the value of some articles must fall. The articles whose price will permanently fall will be those produced by the exclusive monopolies. They are the slowest increasing factors, and, according to the law of distribution, must bear permanent burdens. The shifted tax will thus reach the tallage and be borne by it. Production, however, will not be affected, as was shown above, unless the entire tallage be taken.

It will be seen by the above that the number of indirect taxes which are purely fiscal cannot be very large; the number of articles whose price can be increased without sensibly affecting their consumption being relatively small. There are, however, many staple articles whose price may be moderately increased without exerting more than a slight influence upon consumption. Indirect taxes imposed upon them would have but small social effects and would be chiefly fiscal in character. The legislator, therefore, who is desirous of imposing indirect taxes for the purpose of securing a revenue without thereby modifying social relations to any noticeable extent, has ample opportunity for realizing his aims.

In the imposition of an indirect fiscal tax there is no ethical question involved. Such a tax is a purely economic phenomenon. The tax having been shifted, by changes in prices, from the fixed to the free portion of the surplus, and this having taken place without sensibly modifying the consumer's surplus, the ultimate effect of the tax is simply to take a part of the free surplus. Society simply prevents a part of the free surplus from becoming private property. Without the tax, the entire free surplus would go as tallage to the owners of exclusive monopolies; with the tax imposed, they receive a sum decreased by the amount appropriated by the public. Society has the first claim on the results of social

progress; and, in the case of indirect fiscal taxes, the State supplies its needs by a law as purely economic as that governing the rate of interest. Should the owners of exclusive monopolies find that the State had enacted a law which diminished by a certain common percentage the tallage they respectively received they would have no grounds for complaint. The tax law would change the conditions under which they must produce, but all would produce under the same conditions. A change in the current rate of interest would produce a like effect. Questions of equity and justice would arise in neither case.

If, however, the State does not in this general manner divert into its own possession that part of the free surplus, which the public finances may require, before the same has become private property, but allows the entire free surplus to be distributed as tallage to the exclusive monopolies, then the levy of taxes may involve problems of equity. Indirect fiscal taxes affect all individuals alike, in that they modify the conditions of production equally for all. This cannot be true of direct fiscal taxes. They must be levied on the tallage of particular exclusive monopolies, and must necessarily change the relation which these monopolies bear to each other, and alter the respective positions which they hold as industrial factors. There are different classes of producers enjoying exclusive monopoly privileges and a direct fiscal tax must change the apportionment of the free surplus among these classes. These classes are of various degrees of importance to the economic and moral progress of society. As long as the State does not take by direct taxes all the tallage obtained by these different exclusive monopolies, they may rightly insist that the State distribute its impositions among them with equity. The only true basis of an ethically just apportionment of the surplus among these several classes is the services which they respectively render society. Hence, in levying direct fiscal taxes upon the slowest increasing factors of production, *i. e.*, upon the tallage of the

exclusive monopolies, the State ought so to distribute its impositions among the several kinds of exclusive monopolies as to favor the respective classes according to the economic use they make of the free surplus received. This should be done in order that the larger amounts may be left in the possession of those who do most to promote social welfare and progress.

It will, of course, be obvious to many that the facts of distribution, as outlined in this paper, and especially the theory of monopolies here presented, have important bearings on other questions than taxation. Probably nobody regards the present distribution of wealth as an ideal one. That it is far from being such is attested by our desire to see it made better. It is being improved at present by the steadily growing strength of the forces which give larger shares to the lower ranks of producers. As these forces are made stronger, will distribution become less unequal. The existence of dependent social classes having no firm standard of life, and little power or desire to raise that which they do possess, is cause as well as evidence of the present glaring inequalities in distribution. A larger sharing in the results of social progress is to be secured the less fortunate classes by improving the objective and subjective conditions which operate to raise the standard of life. In this way will the monopoly force be strengthened that gives them command over a portion of the surplus. Taxation is one, but only one, of the forces that may be employed to further that end. Fiscal and industrial taxes will yield a revenue by means of which the objective conditions of life may be made better. Social taxes will do this also, and may, at the same time, be employed to effect desirable social changes. At any given time the surplus of production is distributed by definite monopoly forces. The operation of these forces can be modified by fiscal, social and industrial taxes, the nature and operation of which this paper has attempted partially to set forth.

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BRIEFER COMMUNICATIONS.

THE FARMERS' MOVEMENT.

The widespread movement among the farmers to-day is their effort to adapt themselves and their occupation to the ever-changing environment, so that they shall be once more masters of the situation, receiving their due share of the product of American industry and exerting their due influence in the formation and development of national character. As a result of his industry the farmer has made food and the raw material of our factories produced from the soil more and more plenty, of better quality and cheaper. Here we find an efficient cause of his pecuniary embarrassment; the supply of agricultural products has been increased beyond the demand, with the consequent fall of price. If the surplus of agricultural products was matched by a corresponding surplus of gold, of personal services, of means of transportation, and of the comforts, conveniences and luxuries of life, such universal plenty would enrich all, beggaring none. But with over-production in agriculture, and monopolies of coal, of telephones, of electric railroads and of other essentials of modern civilization, the farmer finds himself at a great disadvantage.

Farmers have been content in the past to confine their labors to the production of wealth, leaving to others the control of those conditions which determine the distribution of this wealth. At last, however, they have awakened to the fact that the problems of distribution have not been successfully solved. They believe that they get too little for the product of their labor and others too much, that they must bear heavy burdens of society while they are at the same time practically debarred from the enjoyment of the advantages of the progressive culture of modern life. When in this discussion we speak of the farmer, it must be born in mind that we refer to the average farmer, who tills on his own account his own or another's farm. We do not refer to those who derive a large share of their income from other sources than their farms, nor do we mean the farmer of exceptional ability or those whose opportunities have been remarkably fortunate. An investigation, carried on for a number of years, upon different lines, based upon statistics official and unofficial, as well as upon other reliable sources of information, shows that the average farmer, east and west, north and south,

receives a lower remuneration for manual labor and for labor of superintendence than the average man in any other of the great classes of bread-winners, much less than those, who have not carefully considered the matter will think possible.

Because of this comparative decadence the farmer has for years demanded equal taxation, in order that the farmer's thousand dollars invested in his farm shall bear no more burdens than the thousand dollars of other men. But the statesman has confessed that he has not been able to remedy the evils of unjust taxation. He even acknowledges that they are growing worse.

The farmer has been content to refer questions of finance to the banker. Every autumn the farmers of America have hundreds of millions of dollars worth of crops which makes a demand for millions of currency. The supply of money at that season is inadequate to meet the demand. Hence, the price of crops falls relatively and the price of money advances. Year after year the farmer has been forced to sell in a glutted market and buy in times of scarcity. He demands a system of finance that shall make the supply of money at all times equal to the demand. He wants an elastic currency that shall do the money work of the nation with justice to both buyer and seller, to both creditor and debtor. But the bankers appear to confess that they cannot produce a medium of exchange and a standard of deferred payment that is capable of meeting the exigencies.

The farmer demands cheap transportation *between the farm and the market*; and he is met with the reply that the rates from the elevator of the middleman to the ship of the foreigner were never before so low as now, but this proves of little benefit to the farmer. When the farmer insists that modern masters of transportation might devise a system of cheap transportation from the country station to the city, he is told that the intricacies of the modern railroad system are too great and it cannot be done; to attempt it would bankrupt the roads. Moreover, when the farmers themselves, or their friends, organize an electric railroad to carry themselves and their freight at reasonable prices from the farmhouse to the city, the great railroad corporations oppose them at every point, going even to the extent of waging open war against the selectmen of the country town who lawfully attempt to lay the rails of the electric road across the track of the steam railroad.

The farmer turns to the politician and asks of him that his party shall champion the cause of the farmer and see to it that the government guarantee to the agricultural classes their rights and promote their interests equally with those of other citizens. But the farmer finds the politician more abundant in promises than prolific in efficient action.

Finally, the farmer has, in his emergency, turned to the scholar and asked of him a fair statement of the problem and a clear solution, based upon historic and economic grounds. But the scholar has been too preoccupied and prejudiced to give the question that painstaking investigation and careful and impartial decision which alone can make his answer of much practical value to the hard-pressed agriculturist.

Thus has experience taught the farmer that the solution of the problem of the future of American agriculture and of the American agriculturist depends upon himself. The farmers' movement is simply the awakening of these sturdy citizens from engrossment in manual labor and the struggle after material wealth, to a sense of their duty first to themselves and then to society. Such a movement may have obstacles, it may be slow, it may do much apparent damage, but it is irresistible, and in the end its results will prove to be of value. It has reached the stage where guidance, rather than ridicule and denunciation, is needed. '

The innumerable details of the movement may be classified under organization, education, co-operation, political action.

I. Organizations of farmers are now many and strong, constantly increasing in numbers, usefulness and power. The Massachusetts Board of Agriculture devotes fifteen pages of its report for 1892 to a directory of the agricultural organizations of the State. In other States organization is carried to as great, or to a greater extent. Besides these there are many national bodies. At the St. Louis Conference, year before last, twelve or more distinct national organizations of farmers were represented, whose aggregate membership numbered hundreds of thousands.

Of the many national bodies several are worthy of especial mention. The twelfth annual session of the National Farmers' Congress, composed of delegates from each State, appointed by the Governor thereof, was held November, 1892, at Lincoln, Neb. This body is non-partisan, deliberative and advisory in its action, and exerts its influence upon the formation and direction of public opinion. It has created a National Board of Agriculture with headquarters at Washington, whose duty shall be to study the general agricultural interests of the whole country and see to it that no conflicting legislation shall injure the industries of any State. Two hundred members, from the majority of the States, attend the annual sessions, paying their own expenses. They represent the more wealthy and better educated agriculturists.

The National Grange, the oldest and most conservative of the distinctively agrarian organizations, held its twenty-seventh annual

session last year. Its membership numbers many thousands, its finances are sound, its organization is stable, its work is becoming more and more extended and valuable. Having experienced the flood and ebb of the tide which accompanies reform movements, it is content to advance with the even stream of national development, intent upon exerting its power at the opportune moment and place to secure the best effect.

Beginning in the South, but extending through the North, under the leadership of the late President L. L. Polk, the National Farmers' Alliance has been an aggressive power. This union of the farmers of the South with the farmers of the North, ignoring sectional lines and old causes of division, is one marked characteristic of this new phase of the agrarian movement. It illustrates and proves that the farmers of America have at last learned the value and the method of permanent organization. They have moreover shown a disposition to join forces with organizations of artisans and other citizens, whenever such union proves itself desirable.

Another organization of great value to the farmers' movement is the Association of American Agricultural Colleges and Experiment Stations. It has a full corps of officers and an executive committee. It is composed of delegates from each of the fifty-seven agricultural schools and colleges and of the fifty-three experiment stations of the United States. The association, therefore, represents the fifteen hundred members of the faculty and corps of workers connected with these institutions and also the many thousands of students and alumni of these colleges, a large number of whom are farmers or intimately connected with and dependent upon the agricultural classes. While this association is a scientific body, it is at the same time interested in the success of the farmer, and exerts a powerful influence upon Legislatures and Congress, so far as the educational or economic relations of agriculture and agriculturists are involved.

The farmers' movement is not then to be measured by the action of any one organization, but can only be properly understood when the resultant of many separate and varying forces is accurately determined.

II. In their endeavor to secure organization the farmers soon discovered the necessity of broadening their education, especially in the field of economics and politics. Hence, every farmers' organization has this object pre-eminently in view. These associations are themselves efficient schools, giving to their faithful members training in public speaking, in writing, in reading, in thinking and in administration. As a result of twenty-six years of this work the Grange has become a national university, employing hundreds of teachers, college educated as well as self-taught, who stimulate thought and lend inspiration to

their fellows. Recently it was "resolved that the Worthy Lecturer of the National Grange be instructed to continue the distribution of subjects for discussion to Subordinate Granges, and that questions of political economy be given prominence, such as those relating to gold, silver, greenbacks, national banks, corporations, interstate and trans-continental transportation, and the tariff, as it relates to agriculture." A similar work is carried on in the Alliance, which has prepared for its local branches a system of weekly lessons in political science. Ballads and songs have been multiplied, as a method of propagating and fixing new ideas in the minds of the people. In all agricultural colleges the science of economics and of politics is receiving more and more attention.

A National Reform Press has been organized, including about a thousand newspapers, pledged to support the demands of the farmers' movement. There are a few dailies, but the most are weeklies. The circulation of many of these newspapers is 10,000, some reach 50,000, one perhaps 100,000. These are scattered over the whole country, and their influence cannot but be great. Besides these reform papers there is the agricultural press, an instrument of educational force not only in matters relating to agriculture, but also in subjects of political and economic science.

The town meeting, the district school, the public library, the Chautauqua movement, the country church, each and all, do much for the education of the farmer, far more than is commonly imagined. Upon one point the farmers of to-day are fully agreed. They are one in demanding for themselves and for their children the best education the times can afford. They have successfully insisted that the town, the State and the nation shall unite in providing every facility for educating the farmer in everything pertaining to the science and art of agriculture and to the knowledge and practice of manhood. As a consequence we find in America a system of agricultural education approaching the best the world affords. The great drawback is that only a few comparatively as yet are pecuniarily able to take advantage of the facilities thus offered by the State.

III. The farmers' movement has thrown a great deal of light upon co-operation, both distributive and productive. The educational results of the past twenty-five years of experiment have been of great value. The nature of the problem, the conditions of success, the dangers and difficulties in the way, have been made clear and the preparatory work accomplished which will make co-operation in the future more common and profitable.

So far as distributive co-operation is concerned the farmers have learned that the essential element of success lies in large orders for

cash. As a result middlemen have not been driven out of business, but the farmers of the North have succeeded in escaping that thrall-dom to the storekeeper which has been so disastrous in the South.*

There are throughout the country many successful co-operative stores, which benefit not only their patrons, but also indirectly all consumers. But the more common form of co-operative buying is through a business agent, who receives the orders of many farmers in the district or State, and so furnishes them goods at the lowest wholesale prices. In the business of insurance, co-operation among farmers has had good results; they report that hundreds of thousands of dollars have been saved in premiums on fire and life policies. Co-operation among milk-producers, fruit-growers and cattle-men, for the purpose of marketing their products, has proved very remunerative.

In productive co-operation many experiments have been made which have been only partially successful. Manufacturers who have charged exorbitant prices have been brought to terms, but the farmers have learned that they can rarely carry on the farm and the factory successfully at the same time. Nevertheless, in the production of butter and cheese, co-operation has proved eminently successful. As agricultural science introduces new methods and tends to make the farm a great factory, where raw material of the soil, properly treated with chemical fertilizers and manipulated by means of elaborate machinery, shall be transformed into the finished products for the market, the greater is the necessity and the profit of co-operation, and the more capable do farmers find themselves of working together.

IV. Organization, education, co-operation, have led the farmers' movement towards political action. For generations the farmer confined himself closely to agriculture and to participation in the affairs of the town meeting. In the meanwhile, the cities grew in number, in population, in wealth and in influence, until he found that the twenty to thirty per cent of the people who live in cities, largely recent importations from foreign countries, actually governed not only the municipalities, but also the States and the nation, leaving the votes of the other citizens scattering and devoid of power. In order to protect their interests the farmers made use of the right of petition. They elected lawyers and other professional men to represent them and their interests in Legislature and Congress. They appealed to their party leaders. They sought to interest the press in their behalf. They brought their case before the courts. They presented themselves before the bar of public opinion. But they were disappointed. It made little difference whether they sent a farmer or a politician to

[*Cf. "The Peons of the South," by Geo. K. Holmes, in the ANNALS for September, 1893. The Editors.]

the Legislature. If the farmer went to the capital fresh from the plow, among a crowd of lobbyists, he was as clay in the hands of the potter. If his constituents kept him there year after year, until he learned the ways of legislation, then he ceased to be a farmer and became a member of some other class, perhaps a stockholder in a great railroad, or manufacturing corporation, with interests in common with the opponents of agricultural classes.

But from repeated failures and many disappointments the farmers are at length learning how to take care of themselves. They have become convinced that political action on their part is essential to their well being, that they must sustain their own interests, for others will not consider them. In their various subordinate organizations they discuss the situation. Their best representatives then bring the matter before their district, State and national bodies, where the whole subject is again debated. In this way they come to a decision as to what is practicable. They then formulate their demands, which they lay before the proper authorities in the town, the State or the nation, or in the caucus, or convention. They press and enforce their demands patiently and persistently, meeting all attacks bravely. They fight for their rights from their own point of view, believing that the free and fair contest of opposing interests will be the best for the whole people. If their interests are not presented as forcibly as those of other classes the result will be not only disastrous to them, but will also seriously endanger the public good. In the furtherance of these ends they have learned to trust no man implicitly, but to hold every man whom they choose to represent them responsible to them for his action.

The farmers have learned something of the methods of legislation. Hence when a hearing is given by a legislative committee, the farmers are on hand with their best speakers. When a bill is pending in which they are interested, letters, telegrams and petitions from all parts of the State come pouring in, urging legislators to do their duty. At State capitals, as well as at Washington, the farmers have their standing committees always on hand to watch legislation and see that their interests do not suffer. There are, however, so many ways of influencing legislation and the power of capital is so well-nigh irresistible, that the farmers have been beaten time and again and seen their cherished and just demands ignored. But their persistence has taught them and they are coming better to understand the science and practice of politics. Their organizations have been nominally, and to a large extent, really non-partisan, but from experience they have learned that votes in caucus and convention, as well as at the polls, are the real sources of power. Of these votes they still possess in

many States a majority, and throughout the nation a large minority. United with other laboring men, their votes would constitute a clear majority over all others. They now realize that their votes are their own, to be used for the realization of their demands. During the last few years they have been experimenting with the ballot and some surprising results have followed. The movement within the old party lines has been strong, leading to notable results, but it has not been confined to these. The farmers have found that both of the leading parties have for so long a time been dependent upon other elements than the farmer's vote for success, that it is difficult to transform them at once into humble servants of the agriculturist.

During the year of the presidential election many of the farmers seemed inclined to support a distinctive People's party, not really expecting to elect a president, but hoping to learn something, attract national attention to their demands and cast a vote sufficiently large to give them a basis for future action, either as the people's party destined to supplant the old parties, or else as a body of producers allied with the artisans, whose real interests shall be made a serious object by one or the other of existing parties. The results show the measure of their success. Out of a total vote of 12,154,542, the People's party cast 1,122,045 ballots. Their candidates received votes in every State of the Union. They carried Colorado, Idaho, Kansas and Nevada by majorities, and North Dakota and Oregon by pluralities, which gave twenty-two votes in the electoral college, being the first time since 1856 that a third party has secured an electoral vote. Investigation shows that this vote was almost entirely from the rural districts of the South and West. The People's party succeeded in increasing their representatives in the House from three to twelve. In the Senate they have several senators. In four States they elected their candidate for governor. Considering the difficulties against which this new party was obliged to contend, the success gained was indeed remarkable.

The radical demands of the farmers, as set forth in the platform of the People's party, are socialistic and are not likely soon to be formally ratified by the public opinion of the nation. But the People's party and its platform are only an incident in the greater movement of the farmers of America. It is an experiment being tried by the radicals among the agrarian leaders, but which has not yet received the endorsement of the great mass of the farmers. A great political party is not the growth of a day. Whenever the farmers of the United States shall as a unit demand of either of the old parties a certain line of policy and prove it to be practicable and just, one or the other of these parties will surely submit to their will. Class legislation in

behalf of the farmers may in some cases be secured, but the probabilities are that the final results will nevertheless be good. By pushing the system of class legislation to its logical outcome, the *reductio ad absurdum* will be apparent and a reaction must set in.

Farmers have suffered in the past because of their neglect to compete earnestly for their own interests, but now the signs of the times indicate that in all parts of our country they have at last aroused themselves and have begun a movement, the outcome of which will be to secure for them their full share of the products of the national industry and of the advantages of modern civilization.

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THE GRANGE AND THE CO-OPERATIVE ENTERPRISES IN NEW ENGLAND.

In this age of organization there is scarcely a branch of industry not organized in some way for the promotion of its interests. The first strong organization which sought to combine the farmers for common protection, encouragement and enlightenment, was the National Grange of the Patrons of Husbandry, founded in Washington, D. C., Dec. 4, 1867. A National Grange with constitution and ritual was established, then Subordinate Granges. Fifteen Subordinate Granges might themselves organize a State Grange. All were obligated to strict obedience and fealty to the National Grange. In spite of some opposition to it, in this "monarchical" feature of the organization probably lies the secret of the success which has tided the Order over many difficulties.

The Grange owes its origin to Mr. O. H. Kelley, a "plain practical farmer," a clerk in the Agricultural Department at Washington. After the war, President Johnson selected Mr. Kelley to investigate the conditions and needs of the farmers in the South. He returned full of the idea that in order to better their condition, organization must be effected. On consultation with friends interested in the farmer's welfare, the National Grange of Patrons of Husbandry was conceived by Mr. Kelley and six associates. Women were admitted to an equality in membership, thus adding that distinctive feature without which it is claimed the Grange would not be in existence to-day.

The Declaration of Purposes is a broad and worthy one, aspiring to promote all that is best in the mental, moral, social and spiritual development, as well as to advance the material interests of the patrons and more broadly to increase the welfare of all society. Any

Grange, if true to its obligations, cannot be partisan in politics, religion or in any subject involving natural differences of opinion.*

In 1868 Mr. Kelley gave up his government position and started for Minnesota, his home, organizing Granges as he went. In 1873 the first great meeting of the National Grange was held in Georgetown, D. C., at which eleven States were represented. This meeting practically marks the epoch of its permanent organization. Until then the affairs were entirely in the hands of the founders.

The years 1872 to 1875 mark a period of phenomenal growth. In 1873 alone, 13,000 subordinate Granges were organized.† Politicians tried to use it, wild business schemes were engaged in in some parts of the country. Thousands became members who had no interests in farming.

The reason for this extraordinary growth is found largely in the discontents arising from the causes which resulted in the financial crisis of 1873, and from the industrial depression following. The inflation of the currency and the increase in credit through each venture were instruments in building up gigantic speculative operations, which finally resulted in a crash. During the apparent prosperity of trade men were attracted from agriculture to trade. Farm land declined, while city real estate rose. Speculation and "corners" in staple farm products caused great fluctuations in prices, while the prices of farmers' necessities rose.

A further and important reason is found in the disaffections caused by the real and alleged extortion of the railroads. In the West and South the pressure from this cause was naturally greatest, since from these the great shipments of grain are made, and there the growth was largest. In 1875 the Order numbered about 1,500,000 in every section of the country. The Grange, now in the hands of the farmers thus excited over their real and alleged wrongs, was in danger of being perverted from its original educational and social aims.

Just at this time occurred the famous "Granger" railroad legislation, which aroused such interest throughout the country. It was essentially a farmers' movement, but the Grange as a body is not to be held responsible. Since the Grange was then in the zenith of popularity, all acts coming from the farmers were branded as "Granger" without discrimination.‡ However, the Grange does not disclaim an influence in the matter.

* See Section 5 of the "Declaration of Purposes."

† N. J. Bureau of Statistics, Ninth Annual Report, p. 336.

‡ Mr. C. W. Preisen says, "In spite of the assertions of Mr. C. F. Adams and others, it can be shown that the Grange was not responsible for the Illinois legislation. When the constitution of 1870 and the law of 1871 were passed, the Grange

Vast business enterprises were engaged in.* But enterprises in the hands of unskilled and often unscrupulous hands, failed. The financial benefits lost, those who had entered for purely selfish motives rapidly withdrew, and the order assumed nominal proportions. Mr. Preisen (1888) says, "the Grange still lives but its glory is departed." Yet it seems that the part that will give the truer glory still remains to teach the farmer to be more scientific and business-like in his methods of work, more alive to his own best interests and those of the community.

The true prominence of the educational features as conceived and reiterated by the Grangers themselves is emphasized by the master of the New York State Grange (1891): "These financial gains or savings are more than gratifying to our members, yet they pale into insignificance in comparison with the educational benefits of our beloved order. . . . We hold that education should ever be accorded the most prominent place in our Grange deliberations, and that no pains should be spared by our Grange educators to impress this truth, that the success and perpetuity of our order must and will depend upon the intelligence of its membership." †

Perhaps no better idea of the work the Grange has accomplished and claims to have been instrumental in accomplishing can be gained than from the proclamation issued by the National Grange on the occasion of its twenty-fifth anniversary (1891).

After mentioning its work in organization, influence in broadening the sphere of woman, and the influence upon the home, the proclamation states that the Grange has:

"5th. Prevented the renewal of patents on sewing machines, thus saving to the people fifty per cent of their cost, which amounts to millions annually.

"6th. Transportation companies were taught that the creator is greater than the creature. See Granger cases decided by the Supreme Court of the United States.

"7th. Had passed and have enforced oleomargarine law.

"8th. Have passed laws somewhat restricting alien landlords and corporations from getting government land.

"9th. Had interstate commerce law passed.

"10th. Had cabinet position created for agriculture, thus giving the President's cabinet a representative of the parent of all vocations.

had scarcely a foothold in the State. The State Grange was organized March, 1872.

"Outcome of the Granger Movement." *Popular Science Monthly*, vol. xxxii, p. 206.

* In 1876, the Order was said to own "five steamboat or packet lines, thirty-two grain elevators and twenty-two warehouses."—*Ibid* p. 371.

† "Education is the great central object of our Order." Worthy Master J. H. Brigham, National Grange, Journal of Proceedings, 1892.

"11th. Has had agricultural colleges, experiment stations, and farms and Farmers' Institutes established in many States of the Union.

"12th. Has had some effect in local and State tax levies and established State Arbor Day.

"13th. Has caused the reform ballot law to be passed in many States.

"14th. Has increased the State appropriations for public schools.

"15th. Has at all times fostered the cause of free education.

"16th. Local achievements, such as building halls, making roads, planting trees and vines, establishing libraries, reading rooms, banks, fire insurance companies, co-operative enterprises, etc., too numerous to mention, might be cited."

Some of the public questions which the organization at present is interested in agitating are:

Passage of measures to prevent adulteration of food. Passage of the Washburn-Hatch bill. Free delivery of mail to rural population. Non-irrigation of the arid lands of the West by the government, on the ground that the lands are not yet needed.* The securing of laws to remedy unequal taxation. Promotion of interest in agricultural colleges. Action for better roads, etc.†

Naturally the Grange first declined as a power in the West and South where its growth had been most phenomenal. During its decadence other associations of farmers, with similar purposes, though avowedly with more political aims, arose, chiefly the Farmers' Alliance. But its strongest foothold seems to be taken in New England and the Middle States where the educational and social features are most emphasized. In New England at the present time the Order is steadily growing. In 1886 it numbered there between 25,000 and 30,000.‡ Rhode Island was not then represented.§ In 1892 the membership was about 50,000.||

As has been stated the development of the Grange in New England has come since the period when financial interests were the prime inducements for organization. Hence its distinctive features have remained educational and social. At the present time, however, interest in co-operative enterprises seems quite strong. A committee reporting to one of the New Hampshire State Granges expresses the

* National Grange, Journal of Proceedings, 1892. Worthy Master, J. H. Brigham.

† See reports of the various committees in the State Granges.

‡ E. W. Bemis, "Co-operation in New England." Papers of American Economic Association. vol. 1, p. 353.

§ C. W. Prelsen, "Outcome of the Granger Movement." *Popular Science Monthly*, vol. xxxii, p. 201.

| Compiled from report of National Granges and reports of the State Granges.

feeling thus: "In these days of low prices and pushing unscrupulous competition we find the mind of the farmer opening to the idea of co-operation with a degree of receptivity and appreciation never before observable in men of his calling."

Again and again in looking through the reports of the various Granges we find the opinion that "those Granges that are the most active in co-operative business are the strongest in every point." The reason for this is not difficult to see, for the spirit, "push" and business ability which would make men successful in these enterprises, must needs make them active in the wider work of the Grange.

Perhaps no class is more at the mercy of the middleman than the farmer. The prices of those things which he buys are largely controlled by custom (unless he live near some large business centre, and the majority do not), while the prices of what he sells, his grain, cattle, sheep, wool, fruit, etc., are sold at the competitive prices of a world market. His distance from trade's centres where competition keeps prices near the minimum, is a reason, then, why he desires especially the benefits of consumptive co-operation. Yet the very fact of the farmer's isolation is one of the chief obstacles to co-operative enterprises among them. Another hindrance to the co-operative spirit is the extreme individualism in the farmer's character, found particularly in New England, as writers upon New England character never tire of reiterating. Upon these conditions the Grange has power to exert a considerable influence. First it overcomes, in a measure, the farmer's isolation, by making him a unit in the one central organization, and further, by discussing common interests and plans for common improvement with his neighbors, his sympathies are broadened and his interests become less self-centred.

While these influences only partially remove the hindrances due to situation and character, practical difficulties are also to be met in the direct operation of the schemes.

Suppose, first, the co-operative store to be conducted on the plan of general country stores, buying a farmer's small products as well as retailing to him necessities. Even then there will be the temptation to trade elsewhere, if business or other interests takes the farmer to another place—and often the advantage gained by buying or selling at a co-operative store cannot compensate for time and inconvenience involved in making extra trips, when the trading may be done in connection with other business. If the store retail goods only, the objections become more weighty, since the average farmer depends largely upon the exchange of his butter, cheese, eggs, etc., for his necessary groceries, while his cash is used in purchasing clothes, furnishings, implements and the like. Hence it may be far more to his advantage

to buy where he can sell his small products, even though he get a discount at a co-operative store. Where the Grange employs a purchasing agent the same objections hold as with the retail store, except that inconveniences are apt to be more accentuated, and less provision for a latitude of tastes is possible.

If strong co-operative stores, under good management and conducted on strictly business principles, were instituted in the beginning, this phase of co-operation might seem more hopeful. But in farming communities it seems that it can be little hoped that present self-interest will be sufficiently sacrificed to surmount the difficulties in small enterprises, or that capital and support will be given to large enterprises at once.

Co-operation among the New England Granges has been confined almost entirely to the buying of commodities and to fire insurance. The subject of co-operative marketing is being discussed with some confidence, particularly the marketing of staple products. One year, at least, the New Hampshire State Grange employed an agent to ship the apples of Patrons to England, but without great success since the Patrons were too fearful of the venture.

The method of co-operative buying most prevalent in New England is that by trade discounts or trade lists. The State Granges make arrangements with certain large manufacturers and wholesale firms for discounts on cash payments. Each subordinate Grange chooses a purchasing agent who receives the lists and makes the purchases. The agents and members receiving the discount are bound to keep the discounts secret. Another analogous method is to furnish members with "trade cards," on presentation of which to the firms under contract with the State Grange, discounts are allowed. This method is employed largely in Vermont, Rhode Island and Connecticut, while Massachusetts has mere purchasing agents and Maine has its Grange store.

The results of these enterprises, as reported to the several State Granges, is as follows:

In New Hampshire but little has yet been done though considerable interest is manifested. In 1891 the Richdale system was urged upon the attention of the Granges as combining the buying and marketing features, and as a system toward which it was advisable to work, adopting trade cards in the meantime.

Vermont reports only a beginning in co-operative buying, with a fair degree of interest.

Of the success and extent of enterprises in Rhode Island, we have been unable to obtain any definite knowledge. Probably little is done, as the Grange has not been long instituted there. Trade cards are used to some extent, however.

In Massachusetts the Executive Committee of the State Grange reports as follows in 1891: "Co-operation—the trade problem—is as yet unsolved, and we have thought the matter over carefully and we would recommend that each Subordinate Grange place more confidence in their purchasing agent." Of ninety-four Granges reporting to the State Grange in 1891, six only report co-operative buying. In 1892, seven out of ninety-eight report some co-operative buying. Only two of the seven Granges are identical with those reporting in 1891. Of these Manhan Grange, in 1891, reports a buying to the amount of \$3000, with a membership of 102; in 1892, with a membership of 110, it reports a business amounting to \$2500. Dudley Grange, with 125, reports business to amount of \$4654 in 1891, but makes no report in 1892. At Westport the Grange Co-operative Union Store sold about \$7000 worth of goods in 1891, and Patrons received four per cent rebate on the amount of their trade. The Grange numbers ninety-two members.* Such isolated facts can only be used as broad indications. They seem to justify the conclusions that co-operation is not a strong power in these Granges, or we should hear more of it in their reports. They would seem to indicate also that the enterprises were not of a very long standing.

In Connecticut the results are reported as not very encouraging. In 1891 the Executive Committee complained that Patrons gave away prices and discounts and loaned their trade cards. † In 1892 the same committee reports that replies to circulars sent out to Granges and trading houses as to the satisfactoriness of business relations have been rather disheartening. "We find in these relations too little harmony and co-operation existing between Patrons and those parties with whom we have negotiated for mutual benefit." An attempt has been made to organize Grange stores, but interest was slight and no money was pledged. The committee advocated a stock company of small shares.

Maine furnishes no definite reports, and we may conclude that co-operative enterprises have little vitality there. The State Grange has a store at Portland which is said to have never failed to pay six per cent interest on the stock. The executive committee for 1891 state that the volume of trade has been increasing steadily, and the working capital is turned over about six times in a year.‡ It merits

* Massachusetts State Grange. Journal of Proceedings, 1892. Report of Master of Westport Grange.

† Connecticut State Grange. Proceedings, 1891. Report of the Executive Committee. They state that many cards had to be withdrawn. "In every case, as far as possible to learn, the fault was with the Patron."

‡ This store was organized in 1877; had a capital of about \$50,000 in 1886, with a trade of about \$175,000. H. W. Bemis, "Co-operation in New England," p. 354.

the confidence of banks and business men in Portland. Its one great obstacle is lack of sufficient capital to enable the managers to buy large quantities at the best advantage, showing that patrons do not give the support their interests demand.

The strongest co-operative enterprises of the Grange in New England are the fire insurance companies. Connecticut, New Hampshire and Massachusetts each have one. The Connecticut Patrons' Mutual Fire Insurance Company was organized in 1888. In 1892 there were about 1000 policies out, representing a risk of about \$1,600,000. In 1891 alone, policies to the amount of \$552,926 were taken out.* The first assessments were made in 1892, and this owing to the unusually heavy losses from lightning. The Massachusetts Fire Insurance Company began business in 1887. In 1890, it reports 1050 policies in force, covering \$1,187,586 worth of property. The New Hampshire company is the strongest. In 1892 it had 1600 policies, covering insurance to the amount of \$2,200,000, as against 1399 policies in 1891, covering risks amounting to \$1,872,677.17. No assessments have been necessary.

The rate of insurance is one-half of one per cent for three years—less than one-half the ordinary rates.

It is to be noted that few attempts at co-operation of long standing have been found. The Maine State Grange Store has been in operation longest, about sixteen years. It is also to be noted that the enterprises thus far attempted have been, in the main, of the simplest character. The difficult problems in co-operation have scarcely been touched. The financial gains, all told, cannot be very considerable; but these attempts are certainly of important educational character, as they stimulate interest in the questions before the people, and teach the farmers by practical experience the difficulties attending the application of some of the panaceas for the workingman's woes.

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Walpole, N. H.

THE PENNSYLVANIA TAX CONFERENCE.

By an Act of the Legislature of Pennsylvania, passed May 25, 1889, a commission consisting of eight members was created "to prepare a uniform revenue law covering both State and local taxation, and to report the same to the next legislature." This commission consisted of the Auditor-General, one representative of the county commissioners, two experts on financial questions, and one representative of each of the following industrial interests in the State: manufacturers,

* Connecticut State Grange. Proceedings, 1892. Report of Patrons' Mutual Fire Insurance Company.

financial and mercantile interests, agricultural interests and "wage-workers." The commission held several meetings in Harrisburg and Philadelphia, to which individuals were invited to give their testimony in regard to the defects in the existing system of taxation, and to suggest remedies. As a result of their deliberations we have a report* containing the bill approved by the majority of the members of the commission, with their reasons therefor, and supplementary reports by the Auditor-General, Thomas McCamant, by Mr. John A. Wright, and by Professor Albert S. Bolles, respectively, dissenting from the views of the majority, and suggesting the reforms which in *their* opinion are called for in the taxing system.

This report was submitted to the State Legislature of 1890-91, and on the basis of it several bills were proposed and discussed at considerable length in both Houses. The discussion served only to emphasize, on the one hand, the pressing need of *some* reform in the taxing system, both State and local, and, on the other, the impossibility of coming to an agreement as to just *what* reform is demanded on the basis of existing knowledge on the subject. The Legislature adjourned without having taken any definite action.

In the course of the debate it was incidentally suggested on the floor of the Senate by Mr. J. A. Price, late of Scranton, that representatives of the various material interests in the State on which taxation falls in the first instance, should be called together and asked to formulate some plan on the basis of which future tax levies might be equitably distributed. This suggestion was received with favor by many of the leading citizens of the State, and after considerable correspondence, Mr. Price, on January 25, 1892, issued a call for a meeting of representatives of the six great interests in the State, viz., agriculture, transportation, manufacturing, labor, trade and the county commissioners, to be held at Harrisburg, February 4, 1892. In response to this call, twenty-four gentlemen representing the above interests came together and created the institution, unique in the history of tax reform movements, known as the Pennsylvania Tax Conference. The peculiarities of this institution are: 1st, it has no legal existence; 2d, it owes its origin to the efforts of private citizens, and is supported entirely by voluntary contributions; and 3d, through it all the great interests in the State are working together harmoniously to obtain exact information in regard to the defects of the present taxing system as the necessary preliminary to any rational discussion of needed reforms.

During the first meeting of the Tax Conference a permanent chairman and secretary were elected, and the following committees were

* "Report of the Revenue Commission appointed by the Act of the Legislature of Pennsylvania, May 25, 1889." Pp. 198. Philadelphia, 1890.

appointed: (1) A commission to make exhaustive investigations into the value of all classes of property in the State, and the taxation of this property; (2) a committee to examine the taxing systems of other American States; (3) a committee on finance. The Tax Conference has held four meetings, the last having taken place at Harrisburg, February 9, 1893. At the third meeting a further committee was appointed to report concerning the principles upon which a new tax bill should be based. The conference has discovered that the task of securing the exact information it requires as a basis for a new tax law is one of greater difficulty than was at first anticipated. It has not been discouraged, however, by the magnitude of its undertaking, but has pushed on the work with increasing enthusiasm. The reports of its committees which have already been submitted and which are promised in the near future will constitute a collection of statistics bearing upon the distribution of property throughout Pennsylvania, and the incidence of State and local taxes, such as has never before been brought together for any State in the Union.

Up to the present time, besides reports of minor importance from the committees on the taxing systems of other States and on the principles which should underlie a system of State and local taxation, two reports have been submitted by the commission on "valuation and taxation," and printed at the expense of the conference. The first* of these reports is divided into three parts, as follows: Part I treats of the actual valuation of all classes of property in the State. Part II treats of the amount paid in taxes by each class. Part III takes up the amount of property exempted from taxation not covered by the exemptions specified in the constitution of 1874. In order to obtain the facts contained in this report a corps of experts was employed by the commission to visit the different counties and examine the books of the county commissioners. No pains were spared to make these statistics as accurate as possible, and no one can read the report without feeling that the result is a credit to all those concerned in the investigation. Here we have brought together, in compact form, just those facts, the knowledge of which is most essential as a basis for any new tax legislation. If the Tax Conference should disband and have nothing to show for its activity but this report on "Valuation, Taxation and Exemption," it yet would have done an immense service to those interested in the promotion of tax reform. But it has not been satisfied with this one report, which must, after all, reflect to a large extent the inaccuracies inherent in the "official" statistics supplied by the State

* "Valuation, Taxation and Exemption in the Commonwealth of Pennsylvania." A Report to the Pennsylvania Tax Conference by the Commission on Valuation and Taxation. Jos. D. Weeks, Chairman. Harrisburg, Oct. 13, 1892. Pp. 34.

and by the counties. At present the commission is carrying on three separate investigations much more detailed and laborious in character than the general investigation already brought to a conclusion. These are: (1) An investigation into the actual valuation and taxation of real estate in each county of the State. (2) An investigation into the actual valuation and taxation of railroad property. (3) An investigation into the valuation and taxation of all other classes of corporate property in the State.

In connection with the first investigation the records of fully 30,000 sales of farms and lots in different parts of the State are being secured and compared with the assessments of the same appearing upon the books of tax assessors. In connection with the second investigation the commission is securing returns from every railroad in the State showing their mileage, their issue of stock and bonds, and the value of the same, and the amounts paid by them in taxes. The third investigation is expected to accomplish the same result for corporations other than railroads.

Up to the present time but one report * has been made by the commission touching these three investigations. This report contains some data concerning the actual and assessed valuation of real estate in eighteen counties out of the sixty-seven in the State. The records of 5304 sales of farms and lots were examined and compared with their assessed valuation. Of these the selling value was \$10,366,897, and the assessed value only \$5,819,976, or 56.1 per cent of the selling price. The relation of assessed value to salable value was found to vary from 37.1 per cent in Westmoreland County to 81.8 per cent in Lancaster County.

I am informed by the permanent secretary of the Tax Conference, Mr. W. R. Tucker, of Philadelphia, that the material for final reports upon the first two subjects of investigation mentioned above (real estate and railroads) has been already collected, and that the investigation of the third subject is well under way. We may expect, therefore, the appearance of these further reports in the course of a few months' time. When the Commission on Valuation and Taxation has completed its statistical labors, the committee appointed to discuss the principles which should underlie a new tax law will be in a position to make its final report, and the Conference will then proceed to draw up a bill based upon its investigations, to be submitted to the next Legislature.

Up to the present time the Tax Conference has expended eleven thousand dollars in connection with its investigations, all of which

* "Report of the Commission on Valuation and Taxation" presented to the meeting of the Pennsylvania Tax Conference held at Harrisburg, February 9, 1893. Pp. 4.

has been voluntarily subscribed by citizens of the State interested in tax reform. Predictions in regard to the final result of the efforts of the Pennsylvania Tax Conference would be premature at this time, but it is safe to say that the citizens of this State have hit upon a very happy expedient for effecting reform in the system of taxation, and that sister States, laboring likewise under the disadvantages of a taxing system not at all suited to present industrial conditions, will do well to adopt a similar policy.

H. R. SEAGER.

Philadelphia.

PERSONAL NOTES.

AUSTRIA.

Brünn.—Dr. Stephan Bauer became, September 26, 1893, Privatdozent for Political Economy and Statistics at the Technical High School at Brünn. He was born May 20, 1865, at Hütteldorf, near Vienna, and had his early education in a Vienna gymnasium. In 1884 he entered the University of the same city, and after devoting himself especially to social and economic studies, secured, in 1889, the degree of Doctor of Law. He was awarded by the legal faculty a traveling scholarship on the basis of an essay (in manuscript) on the history of the iron law of wages. He proceeded to Paris, where he spent the winter of 1889-90 in the study of the history of the economic sciences in the National Library. The following six months he spent in similar work in London. In 1891 the International Statistical Institute held its sessions in Vienna, and Dr. Bauer acted as secretary. In 1892 he was appointed as statistical reporter for the Chamber of Commerce and Industry at Brünn, where he has been active in the organization and preparation of industrial and labor statistics. In 1893 Dr. Bauer founded, in conjunction with Professors Grünberg and Szanto and Dr. Hartmann, the periodical *Zeitschrift für Social- und Wirthschaftsgeschichte*.

Dr. Bauer is a member of numerous scientific organizations: the British Economic Association, Société d'Études sociales et politiques of Brussels, Gesellschaft österreichischer Volkswirte of Vienna, and the Mährischen Gewerbeverein of Brünn. Dr. Bauer's contributions to periodical literature have been very numerous, among them the following:

"*Ueber die Messung des Volksvermögens bei den englischen Merkantilisten und politischen Arithmetikern*," *Statistische Monatschrift*, 1887. Vol. xiii. Nos. 11 and 12.

"*Zur Entstehung der Physiokratie*." Conrad's Jahrbuch, 1890.

"*Nicholas Barbon, Ein Beitrag zur Vorgeschichte der klassischen Oekonomik*." *Ibid*, 1890.

"*Arbeiterfragen und Lohnpolitik in Australasien*." *Ibid*, 1891.

"*Recent Studies on the Origin of the French Economists*." *Quarterly Journal of Economics*. October, 1890.

"*Letters from Austria*." *Economic Journal*.

In Conrad's Handwörterbuch, the articles, "*Fawcett*," "*Gewerbe-gesetzgebung in Grossbritannien*," "*Konsumtionsbudget der Haushaltung*." In the Dictionary of Political Economy, edited by R. H. Inglis Palgrave, "*Arbuthnot*," "*Arithmetic political*," "*Armstrong*," "*Arnd*," "*Arnould*," "*Atkinson*," "*Balance of Trade*," "*Barbon*," "*Barrington*," "*Bell*," "*Bernard*," "*Block*," "*Boedler*," "*Boucerf*," "*Boulainvilliers*," "*Bray, C.*," "*Bray, J. F.*," "*Brewster*," "*Brissot de Warville*," "*Butel-Dumont*," "*Cantillon*," "*Dangeul*," "*De la Jonchère*," and "*Diderot*." Furthermore, contributions to industrial and labor questions and statistics in the publications of the Chamber of Commerce of Brünn, numerous reviews in scientific periodicals, and shorter articles in the weekly press.

Graz.—Dr. Ernest Mischler,* formerly Extraordinary Professor at Prague, has been appointed Ordinary Professor of Statistics and Political Economy at the University of Graz, and entered upon his duties in November, 1893. At the same time he was appointed Director of the Statistical Office of Styria, and is at present engaged in the organization of bureau. In conjunction with Professor J. Ulbrich, of Prague, Professor Mischler has begun the publication of an "*Oesterreichisches Staatswörterbuch*," an encyclopædia of public law in Austria, which will probably, when completed, consist of over 2000 large pages. In this comprehensive work as many as seventy scholars throughout Austria are co-operating. To the list of Professor Mischler's publications noted in a previous number of the ANNALS should be added the following:

"*Handbuch der Verwaltungsstatistik*." I Band. "*Die Grundlagen der Verwaltungsstatistik*." Pp. 323. Stuttgart, 1893.

"*Amtliche Statistik in den einzelnen Staaten*." Conrad's Handwörterbuch.

"*Die österreichische Gewerbe-Inspektion*." Archiv für soziale Gesetzgebung.

"*Internationale Statistische Uebersichten*" (conjointly with G. v. Mayr). Allgemeines statistisches Archiv.

Further, a number of briefer articles in the *Handelsmuseum*, *Blätter für soziale Praxis* and *Sozialpolitisches Centralblatt*.

FRANCE.

Paris.—One of the leaders of earlier Socialism, Victor Considerant, died at an advanced age at Paris, Dec. 27, 1893. M. Considerant was born at Salino, Jura, on October 12, 1808. Early in life he became a convert to the Socialistic doctrines of Saint Simon and Fourier. After Fourier's death he edited Fourier's journal, *La Phalange*.

* See ANNALS, vol. II, p. 541, January, 1892.

After the February revolution he sat in the Constituent and Legislative Assemblies. In 1849 he went to Belgium, and thence sailed for America, where he purposed preaching the Socialism of Fourier. He did not return to Paris until 1869. Since then he had lived in the French capital. He published many works on Socialism. Among them are :

"*L'apocalypse, ou la prochaine rénovation démocratique et sociale de l'Europe.*" 1849.

"*Considérations sur l'architectonique.*" Paris, 1835.

"*La conversion, c'est l'impôt.*" Paris, 1837.

"*Contre M. Arago ; réclamation adressée à la chambre des députés par les rédacteurs du feuilleton de la Phalange.*" Paris, 1840.

"*Les quatre crédits, ou 60 millions à 1½ p. 100. Crédit de l'immeuble. Crédit du meuble engagé. Crédit du meuble libre ou du produit. Crédit du travail.*" Paris, 1851.

"*Débâcle de la politique.*" Paris, 1836.

"*Dérailson et dangers de l'engouement pour les chemins de fer.*" Paris, 1836, libr. sociétaire ; 1838, au bureau de la Phalange.

"*Description du phalanstère et considérations sociales sur l'architectonique.*" Paris, libr. phalanst, 1848 ; 3 édition, libr. sociétaire, 1848.

"*Destinées sociales, exposition élémentaire complète de la théorie sociétaire*" (dédié au roi). 2 vols. Paris, 1836. Nouv. édition, 1851.

"*Exposition du système phalanstérien de Fourier.*" 3 édition, Paris, 1848.

"*Exposition abrégée du système phalanstérien de Fourier.*" Paris, 1845. "*Exposition abrégée du système phalanstérien de Ch. Fourier suivi d'études sur quelques problèmes fondamentaux de la destinée sociale.*" 3 édition, 1872.

"*La dernière guerre et la paix définitive de l'Europe.*" Bruxelles, 1850.

"*Manifeste de l'école sociétaire fondée par Fourier, ou bases de la politique positive.*" 1841.

"*De la politique générale et du rôle de la France en Europe, suivi d'une appréciation de la marche du gouvernement depuis juillet, 1830.*" Paris, 1840.

"*De la politique nouvelle convenant aux intérêts actuels de la société et des conditions de développement par le publicité.*" 1843.

"*Principes du socialisme. Manifeste de la démocratie au XIX siècle. Suivi de Procès de la Démocratie pacifique.*" Paris, 1847.

"*Le socialisme devant le vieux monde, ou le vivant devant les morts, suivi de Jésus-Christ devant les conseils de guerre par Victor Meunier.*" Paris, 1849.

"*La solution, ou le gouvernement direct du peuple.*" Paris, 1851.

"*De la souveraineté et de la régence.*" Paris, 1842.

"*Au Texas.*" (École sociétaire, année XXIII.) Paris, 1854.

"*Théorie du droit de propriété et du droit au travail.*" 3 édition. Paris, 1848.

"*Théorie de l'éducation naturelle et attrayante.*" Paris, 1845.

GERMANY.

Marburg.—Dr. Carl Bergbohm was appointed in 1893 Ordinary Professor of Public and International Law and the Philosophy of Law at the University of Marburg. He was born in Riga, Russia, and attended the Municipal Gymnasium of that city, 1862–67. Entering, in 1867, the University of Dorpat, he devoted himself for two years mainly to mathematics and then turned his attention to jurisprudence and political science. He secured, in 1874, the degree of *candidatus juris*, and spent the years 1875 and 1876 in traveling in Germany and Austria. In the latter year he became *magister juris*, and privat dozent at the University of Dorpat. The following year he was made salaried docent (professor adjunct). Later, 1880–81, he spent two years in Western Europe, while in 1884, he became *doctor juris*, and professor *ad interim* at Dorpat, and a year later secured the title of Russian Councillor of State. In 1893 he was called as Extraordinary Professor to Marburg, where his promotion to Ordinary Professor soon followed.

Professor Bergbohm is an associate of the Institut de droit international, a member of the Gelehrter Estnischen Gesellschaft in Dorpat, and of the American Academy of Political and Social Science. His published works include:

"*Staatsverträge und Gesetze als Quellen des Völkerrechts.*" Pp. 110. Dorpat, 1876. Leipzig, 1877.

"*Die bewaffnete Neutralität 1780–1783, eine Entwicklungsphase des Völkerrechts in Seekriege.*" Pp. 290. Berlin, 1884.

German edition of F. v. Marten's "*International Law.*" Berlin. 2 vols., 1883 and 1886.

"*Jurisprudenz und Rechtsphilosophie.*" I Band. "*Das Naturrecht der Gegenwart.*" Pp. 566. Leipzig, 1892.

Münster.—Dr. Magnus Biermer was appointed October, 1893, Extraordinary Professor of the Political Sciences at the Academy of Münster, in Westphalia. He was born at Berne, Switzerland, November, 22, 1861, and received his early education in the schools of Zürich and the gymnasium of Breslau. He entered the University of Breslau, devoting himself mainly to legal studies, which he afterward pursued at Munich (1883), Berlin (1884) and Göttingen (1885). In 1887 he became Doctor of Laws at the University of Jena. After completing his legal

studies he devoted himself to economic studies, being for two years member of the Seminaries of Professors Schinoller, Wagner and Meitzen in Berlin, and for further two years a member of those of Professors Nasse, Gothein and Dietzel in Bonn. In the summer semester, 1891, he was appointed by the ministry docent at the Technical High School at Aix-la-Chapelle. In the fall of the same year he became Syndic of the Chamber of Commerce at Münster, a post which he still holds. Professor Biermer's publications include:

"*Ueber Frist und Verjährung.*" Berlin, 1877.

"*Ueber die Organisation und Aufgaben der Handelskammer.*" Bonn, 1890.

"*Die preussische Steuerreform in Staat und Gemeinde.*" Münster, 1892.

"*Die gesetzliche Regelung der Abzahlungsgeschäfte.*" Münster, 1892.

"*Die gleitende Lohnskala.*" Conrad's Handwörterbuch, vol. iv.

"*Jahresbericht der Handelskammer f. d. Reg. Bezirk. Münster,* 1891.

Ibid. for 1892.

RUSSIA.

Dorpat.—Mr. Wladimir Hrabar was appointed July 1, 1893, Docent in International Law at the University of Dorpat. He was born January 22, 1865, at Vienna, and received his early education at gymnasia in Eperjes (Hungary) and Tegorjewsk (Russia). After four years at the Collège Paul Galagane at Kiew, he studied law, 1884-88, at the University of Moscow, where he acquired the degree of *candidatus juris* (magistrandus) and received a Faculty prize for an essay upon international rivers. The year 1888-89 he spent at Paris, where he attended several courses at the Sorbonne and the École de droit. In 1890 he was connected with the Commercial Court at Moscow, and in 1891 became an instructor at the Institut Constantin at Moscow. His inaugural lecture on "War and International Law," has been published in the *Acta et commentationes Academiae Dorpatensis*, 1893, No. 4.

St. Petersburg.—Dr. Nicolas Karychew was appointed September, 1893, Professor of Statistics at the Imperial Lyceum of St. Petersburg. Professor Karychew was born December 6, 1855, in the district of Alexandrowsk, government Jekaterinoslaw, in southern Russia. Educated in the classical gymnasium of Charkow, he afterward pursued legal studies, 1874-78, at the University of Moscow, where in the latter year he received the degree of *candidatus juris*. From 1881-1885 he was Docent of Political Economy and Statistics at the Forestry Institute of St. Petersburg. During this time (1883-84) he made a trip through

Western Europe and pursued scientific studies in Italy, Austria, Switzerland and Holland, but specially with Professors de Laveleye at Liège, Helferich at Munich and Hanssen at Göttingen. In 1885 he became master of Political Economy and Statistics, and in 1887 docent of these subjects at the University of Moscow. Four years later he was Extraordinary Professor at Dorpat, while in 1892 he acquired the degree of doctor and became Ordinary Professor. Professor Karychew is Councillor of State, a contributor to numerous scientific periodicals, and a member of the Juridical Society of Moscow and the Historical Society of St. Petersburg. Besides his contributions to periodicals Professor Karychew has published a number of works of which we give the titles in English translation:

"*Perpetual Leases of Land in Eastern Europe.*" St. Petersburg, 1885. Pp. iii, 330 and lxxii.

"*Atlas of Forestry Statistics.*" St. Petersburg, 1885.

"*The Tenancy of the Peasants in Russia.*" Dorpat, 1892. Pp. xix, 402 and lxviii with atlas.

"*Economic Studies.*" Moscow, 1st ed. 1888; 2d, 1891; 3d, 1893. Pp. 84.

BOOK DEPARTMENT.

REVIEWS.

Massachusetts, Its Historians and its History: An Object Lesson.

By CHARLES FRANCIS ADAMS. Pp. 110. Boston: Houghton, Mifflin & Co. 1893.

The drama of modern history as Mr. Adams sees it, consists in the "Emancipation from Superstition and Caste, with its two underlying principles of Religious Toleration and Equality before the Law." "So far as Equality before the Law is concerned—personal, civil liberty—the record of no community seems to me more creditable, more consistent, nor, indeed, more important, than that of the community composing the Commonwealth of Massachusetts." Always in the van in the struggle for civil liberty, as respects religious toleration, Massachusetts has made for herself a far different record, a record "in degree only less discreditable than that of Spain In Spain it was the dungeon, the rack and the fagot; in Massachusetts it was banishment, the whip and the gibbet. In neither case can the records be obliterated. Between them it is only a question of degree,—one may in color be a dark drab, while the other is unmistakably a jetty black."

It is this oft-repeated comparison of Massachusetts and Spain as champions of religious intolerance which constitutes the most striking feature of Mr. Adams's book. His criticism of the historians is that they have been so biased by a kind of ancestor-worship, or "filio-pietism," that their record is untrustworthy, and for the most part needs to be rewritten from the beginning. So far has this "filio-pietistic" spirit been carried that what is branded as infamous in Spain, is presented as not only necessary but beneficent in Massachusetts. The historian of Massachusetts, Mr. Adams insists, should divest himself of all filial and patriotic bias, and apply the same canons of criticism to Massachusetts as to England and Spain. Massachusetts history naturally divides itself into "four distinct periods: (1) the period of settlement, extending from 1620 to 1637; (2) the theological, or glacial period, extending from 1637 to 1760; (3) the period of political activity and organization, extending from

1760 to 1788; and (4) finally, the scientific, or florescent period, extending from 1788 to 1865, at first slow, then rapid in its movement."

At the present day there will be no dispute with Mr. Adams as to the spirit in which Massachusetts history should be written; but a careful reading will hardly find that spirit in all parts of this book, much of which seems an attempt to justify analogies not less strained than striking. It is no new discovery that the Puritans were intolerant, nor has the treatment which that topic has received from recent historical writers been characterized by "filio-pietism." But to place the intolerance of the fathers of Massachusetts on the same plane with that of Philip II. is by no means historically justified. So far as this intolerance grew out of the same religious bigotry, it deserves the same condemnation. But in Massachusetts the intolerance arose hardly more from religious than from political causes, which were non-existent in the European countries, and these political causes are as much slighted by Mr. Adams as Puritan bigotry has been by the writers whom he is criticising. This is seen in his reference to the Robert Child petitioners.

In Jonathan Edwards Mr. Adams finds a figure that can be worked into his picture effectively, but this is done only by distorting certain features till the likeness becomes almost a caricature. While one phase of his thought is presented in great detail, the other equally characteristic one receives no attention. The two themes of Edwards' preaching were the divine justice and the divine *love*. Almost side by side with the horrible descriptions of the hereafter, with which Mr. Adams fills his pages, are passages of the most winning tenderness. To say that the God whom Edwards preached "was a horrible fetic, a demon of injustice, vengeance and wrath; and of a cruelty of disposition at once infinite and insatiable," gives an utterly perverted view of this great preacher. The power which Edwards exercised over his generation was not that of a mere terrorist.

The second period of Massachusetts history Mr. Adams characterizes as the "theological or glacial," and forthwith the "theological glacier," which settled down upon Massachusetts with the passing away of the first generation of leaders, is made the cause of all the sterility which marks the period. This causal relation can be asserted only when it is proved that other causes were not operative at the same time and contributing to the same result. To call attention to the fact that this period "was in the mother country a fruitful season, for it began with Milton and closed with Johnson," does not prove that it would have been equally fruitful in Massachusetts, but for the presence of the "glacier." When Mr. Adams comes to consider art, he recognizes that the environment was by no means favorable to

its development. "Unquestionably the material and moral circumstances of early New England—a plain people struggling for existence in a poor wilderness—were not favorable to any development of the art side of nature. Their lives were to the last degree matter of fact, realistic, hard." Is this the kind of soil from which "the poem, the essay, the work of fancy and fiction" naturally spring?

This little book will serve an excellent purpose in calling attention to the "personal equation" of which the student must take account in examining the work of the earlier Massachusetts historians. It is an excellent antidote for "filio-pietism." Yet throughout there is apparent the spirit of the advocate rather than of the historian. The argument of the book seems to be keyed up to analogies and characterizations which are far more striking than just. Had Massachusetts history been written only as it is here outlined, there would be hardly less need for iconoclastic historians than Mr. Adams finds to-day.

GEORGE H. HAYNES.

The Distribution of Wealth. By JOHN R. COMMONS. Pp. 258.
New York and London: Macmillan & Co. 1893.

It is difficult to see why this book should be called the "Distribution" of wealth any more than its production or consumption. It is in fact a succinct treatise on the general principles of political economy and would deserve to be so called much more than do most works that bear this title, since these usually quite neglect the "political" aspect. On the contrary it is the special merit of this work that it gives full prominence to this important side of the subject. Instead of treating industry as something wholly self-regulating, it shows that the laws of trade constantly operate under the overshadowing power of law and the State. "There are in society two lines of economic activity, the voluntary activity of individuals and associations, and the compulsory activity of government. The first is the field of free-competition and self-interest; the one hitherto solely treated by the English economists. The second is the field of coercion—of force." He does not mince this aspect of the case simply because the idea of coercion is somewhat distasteful to those who boast of being freemen, but shows that, however mildly and imperceptibly law may operate, it is at bottom coercive; not only so, but the natural economic activities of society could not go on unless this forcible arm of the law were constantly stretched out to protect them. Those whose habit it is to inveigh against the action of government are the very ones who owe most to it, because they are the holders of franchises which the law protects them in.

Professor Commons' economic discussions, though technical, are broad, and will be appreciated by professional economists, but not, I fear, by the general reader. They display great learning and an intimate acquaintance with the latest and best authorities. He throws a new light upon the land question by showing that the fundamental idea of land in production and distribution is that of furnishing room and situation. The prime requisite to all business is opportunity, and a place to operate is the first and most essential opportunity. Elaborating this idea, he goes on to show that this is the central truth involved in monopoly. Monopoly is simply exceptional opportunity. It frequently becomes exclusive, and may thus amount to a menace to society. At the same time monopolies are, to use the author's own words, "the greatest economic inventions the world has ever known."

Very important in connection with the influence of the State is his treatment of rights, and it is specially to be noticed that among these he includes the right of the laborer to employment. His view is that the notion of rights is capable of expansion, and new conditions of society give rise to new rights. Formerly the laborer had the right to be fed and clothed. Events have taken this away, and unless his right to employment is recognized he becomes far worse than a slave.

Relative to the economic meaning of taxation the view is presented that it simply represents the State's share in the joint ownership of all property. To ascertain that share it is only necessary to capitalize the taxes, and the real value of the property is its market value plus that sum. Professor Commons recognizes the social or prohibitive element in certain forms of taxation. "Taxes are levied for other purposes besides the service of government. They are often levied to protect or discourage certain industries or practices; also to affect the distribution of wealth, either to centralize it, as in the middle ages, or to diffuse it, as in modern democratic communities." However liable this may be to abuse, it is still the most important principle of political economy, since it is scientific legislation in the true sense of directing the forces of society into channels of social advantage.

The discussion of the law of diminishing returns occupies more than half the book and is an exhaustive analysis of the subject. The errors and oversights of previous writers are pointed out, and it is shown why their theoretical conclusions have so often been at variance with the facts. It is upon this law that Malthusianism primarily rests, and the historical refutation of Malthusianism demanded a thorough reëxamination of its basis. Professor Commons has done this and discovered that of the four possible standpoints from which the law of diminishing returns may and should be viewed there is only one that has been

adequately recognized by political economists. These four standpoints are as follows:

"1. The capital and labor of an entire industry throughout a long period of industrial development.

"2. The capital and labor of an entire industry at a given stage in the development of skill and knowledge.

"3. The capital and labor of a single enterprise at a given stage of industrial progress, without reference to the area of ground occupied.

"4. The capital and labor invested on a given area of ground."

It is only the last of these four points of view that is habitually taken, while the almost universal fact of the rapid development, change and progress in the knowledge, skill, method and nature of industrial life and activity is practically ignored. This has been largely due to the conservative tendency to cling to agriculture as the chief source of illustration. While, as the author shows, there has been great progress in agriculture and is likely to be still more rapid development here as science comes more and more to be applied to it, it is chiefly in the mechanical arts that the most important advances have thus far been made, so that while the principle is the same the difference of degree is so great as to require the application of a different set of canons to manufactures from those that can be applied to agriculture. "Therefore," he says, "looking at it from the standpoint of the capital and labor invested in a single enterprise, and having in view questions of production and not of distribution, we are justified in saying that in agriculture the law of diminishing returns prevails, but in manufactures the law is one of increasing returns."

Professor Commons' analysis of profits is especially enlightening. He divides them into three classes: Necessary profits, personal or temporary profits, and permanent or monopoly profits. It is the first two of these classes that have been in the minds of most writers thus far, while the third has chiefly escaped notice. It is this, however, that he shows to be the chief source of colossal fortunes. It belongs peculiarly to the modern forms of industry, and was little known in earlier periods. Again, conservatism and the too strict following of the old classics without noting that *tempora mutantur* have thrown the economic world off the safe track of discussion and out of harmony with fact. This subject is carefully considered and illustrated by numerous diagrams. It cannot be too strongly commended to the reader. Only some of the general results can be mentioned here. After pointing out the great changes that have taken place in the industrial world he says: "The heads of industries are no longer the independent Napoleons of finance; they find their sphere as high-salaried managers and legal advisers, while the successors of the

entrepreneurs proper, the original organizers and promoters of enterprises, are simply the commonplace, idle recipients of permanent profits and the mildly fluctuating temporary profits." The keynote is struck when he says that "the so-called conflict between capital and labor is at bottom a conflict between capital and labor on the one hand, and the owners of opportunities on the other." And he further says: "A wise public policy will encourage to the utmost the development and rewards of personal abilities in the organizers and promoters of business. But the case becomes entirely different when temporary profits have become transformed into permanent monopolies. Now instead of the profits being due to the powerful exertions and abilities of the captains of industry, they are due to certain fixed social relations and rights. The recipients of these incomes may with perfect security become idlers and drones. They abdicate their functions as entrepreneurs into the hands of salaried chiefs and advisers. They are no longer performing the services to society which were performed by their ancestors or predecessors, who organized and developed the business to which they have succeeded."

His recommendations with regard to the proper policy for society to pursue in view of the condition of things into which it is drifting should also have weight with those who are influential in public affairs. "All new economies, new inventions, widening of markets, should be encouraged; and the new profits arising therefrom should go wholly to these marginal entrepreneurs as the reward of their enterprise. But society might care for the permanent profits in entirely different ways without injury to industry. It might appropriate them through taxation, as, for example, taxes on land values, franchises and inheritances, but in any case sufficient margin should be allowed for the wide play and scope of the pure entrepreneur's profits. . . . Tax reform should seek to remove all burdens from capital and labor and impose them on monopolies. Public policy should leave capital and labor and business ability free and untrammelled, but endeavor to widen and enlarge the opportunities for their employment."

As already remarked, this work does not deal exclusively with distribution, but is much wider in its scope. It is calculated rather to prepare the way for one that shall be thus limited. It is to be hoped that the author contemplates such a work. He has shown himself peculiarly adapted to perform this service. His admirable candor and straightforwardness coupled with the ability to treat the subject in a scientific way, and especially the courage to utter the conclusions which logic dictates, point to him as the person upon whom this duty naturally devolves. He admits in this work that, as a few other

writers have maintained, there is in this age of science, invention and machinery scarcely any other limit to the power of man to produce wealth than the simple inability of the consumer to obtain it, while no one can deny that vastly more is wanted, nay, needed, than is produced. The spectacle of thousands out of, and seeking, employment is the sufficient answer to the pretension that the world is unwilling to make the effort to supply its wants. The impression widely prevails that through some defect in the social machinery the production of wealth is unduly limited, that the product, such as it is, is misdirected, and that most of the evils of society result from this. What is needed is that a cool, dispassionate, and at the same time scientific analysis of the whole problem be made and its real status be set forth. The problem itself seems to be none other than that of the distribution of wealth.

LESTER F. WARD.

Bankruptcy: A Study in Comparative Legislation. By S. WHITNEY DUNSCOMB, Jr., Ph. D. Pp. ix, 167. Columbia College Studies in History, Economics and Public Law. Vol. II. No. 2. New York, 1893.

This careful comparison of the written laws of Europe and the United States on the subject of bankruptcy is intended chiefly for students and legislators, though the practicing lawyer may consult it to advantage when the European law is in question. The general reflections and observations of the author are accurate and valuable.

There is, on the whole, a great resemblance in the laws of all the countries, arising from the necessities of the subject, without in many instances any borrowing by one code from another, excepting that some of the Latin countries follow the lead of France, somewhat as several of our States look to the initiative of New York in matters of legislation.

One of the most striking differences between all Continental countries on the one hand and England and the United States on the other, is that in the former bankruptcy is treated much more strictly as a fault, and even a crime; which has ceased to be the law in England, and never obtained in the United States. This severity is, we suppose, partly the cause and partly the effect of the social aspects of bankruptcy, which is considered a disgrace in the first-mentioned countries.

In several countries "simple bankruptcy" is punishable as a crime, and this is described by our author (pp. 19, 20) to be where the debtor has been "guilty of serious faults in the conduct of his business, not amounting, however, to actual fraud."

Dr. Dunscomb is not quite accurate in saying (p. 24) that the English law for the punishment of fraudulent debtors (Stat. 32 and 33 Vict., c. 62) embraces the cases corresponding to simple and fraudulent bankruptcy. This law, as its title implies, punishes fraud only, that is, acts done with intent to defraud, of which the jury is to judge, though in some cases it shifts the burden of proof, and requires the debtor to clear himself of the intent if the facts are proved.

The refinement of manners has brought about, as Dr. Dunscomb observes, a constant relaxation of penalties in Europe. This is especially true of England, where, until 1820, a bankrupt who failed to "surrender," that is, to acknowledge the jurisdiction, and submit to be examined, or who did not give up to the commissioners or assignees his books and papers, or who concealed property of the value of £20, was to be punished as a capital felon, without benefit of clergy (Stat. 5 Geo. II, c. 30, 31, modified by Stat. 1 Geo. IV, c. 115). It is hardly necessary to say that Congress, in the first bankrupt law (April 4, 1800, 2 Stats. 19), in copying this section of the English law, mitigated the penalty to imprisonment for from one to ten years. It may, no doubt, be maintained with some plausibility that the laws of our country are now too lenient.

In regard to poor debtors, however, we may properly claim credit for the fact that Congress passed, as early as 1796, and has ever since maintained, statutes which release such debtors, when honest, by a simple process, now universal in this country, wherever any imprisonment for debt still obtains.

While, as we have said, the laws of the several countries, have a strong general resemblance, there are some particulars of the Continental codes, which may be worthy of consideration by our law makers.

In Belgium, Italy and Spain, the courts may grant a suspension of payments to a trader, who can prove that he is probably solvent, and a majority of whose creditors consent. This is sometimes done with us, out of court, but requires the consent of all the creditors. The expediency of such a law may be doubted (pp. 12, 13, 14).

In regard to preferences, the great stumbling block, in so many cases to the just and equal operation of the law, and which has given rise, in this country, to a great deal of litigation, the knot is cut, in many countries, by dating the bankruptcy back to the proved date of the suspension of payments; but there is danger, in such cases, of avoiding honest transactions. In view of this, many codes provide in much detail, what acts done within a certain period before the declared bankruptcy may be set aside. "Speaking very generally," says our author, "we may say that the acts which may be annulled in the

interest of the estate are those done in bad faith, though for a valuable consideration, those done for no valuable consideration, although in a few cases the presumption of bad faith raised against gratuitous acts is allowed to be rebutted, and finally those of an equivocal character that are presumed to have been done to favor certain creditors to the prejudice of others, such as the payment of a debt before it is due or in an unusual manner, or the granting of a security for a debt previously contracted."

This does not differ, in principle, from the law which obtains with us (wherever we have bankrupt laws), excepting that the presumptions, above mentioned, are, we suppose, conclusive and do not admit of rebuttal. (See on this general head, pp. 40 to 51.)

In many countries it has been found useful to provide some mode for the oversight and regulation of the proceedings by or on behalf of the creditors, in order to hasten the winding up and to advise the syndic (assignee or trustee) in the settlement of the estate. In England, for instance, there may be a committee of creditors, but if none is chosen, the Board of Trade is required to perform the same duties. Similar provision for a committee is found in the laws of Norway, Denmark, Hungary, Austria, Italy, etc. (pp. 57 to 59.)

The abstract of the laws of the United States is necessarily somewhat condensed, because there is at present no general statute binding throughout the country. An abstract is given of our last bankrupt law, and a summary of the features common to the laws of those States which have a bankrupt law. The want of power in the States to make a satisfactory law is well explained. Upon one of the most important of these liabilities, created by unfortunate decisions (against the protest of Chancellor Kent in "*Holmes vs. Remsen*," 2 John. Ct. 460), that namely which denies to a decree of bankruptcy under a State law the effect of an assignment by the party himself, he remarks (p. 154):

"These difficulties would not arise if the Continental solution of the questions were accepted. According to the Continental theory, the sequestration by the court of the debtor's domicile, is regarded as a judgment transferring all his property to the syndic. This judgment is not *per se* capable of immediate execution outside the territory in which the debtor resides, but according to the general rules of international private law as recognized in Europe, it being shown that such a judgment was rendered in the debtor's domicile, the court of the foreign country appealed to will authorize the judgment to be enforced in its own territory."

JOHN LOWELL.

Boston.

The Early Records of the Town of Providence, Vols. I-IV, printed under authority of the City Council of Providence by HORATIO ROGERS, GEORGE MOULTON CARPENTER and EDWARD FIELD. Providence, 1892-93.

The printing in an accurate and scholarly fashion of the records of so important a town as Providence is an event of sufficient prominence to call for a special mention. Of all the New England States, Massachusetts has been the only one to pay any attention to her local records, and this is the first instance outside of that State where a systematic attempt has been made to perpetuate in print this valuable material. This is the more unfortunate in that in consequence of this lack of material the study of New England town life has been confined largely to the evidence which these printed Massachusetts records have furnished. Theories of municipal origin and development have been based on this foundation alone, and have been for this reason incomplete and unsatisfactory. The records of the New Haven and Connecticut towns still remain in manuscript and are unavailable except to the local student and the antiquarian.

Now, however, Rhode Island has given to the public the most important of her local material, the first, second and third books of the town of Providence, in four admirably printed volumes, on heavy paper and in serviceable binding. To the City Council of Providence, who authorized the publishing of the volumes, and to the Record Commissioners, to whose charge the work was entrusted, every praise is due for their public spirit, zeal and efficient management. The thoroughness of the work of the commissioners can best be appreciated from the following statement:

"The following method has been pursued in making this copy: In the first place, a careful copy of the original was made under the careful direction of the commissioners. They then personally compared this copy, letter by letter, with the original, and, at the same time, with the transcript of 1800, for the double purpose of assisting in the interpretation of doubtful words and also of supplying letters or words, which are wanting or illegible in the original. The copy thus produced being sent to the printer, the commissioners have personally read all the proofs, comparing every letter therein with the original and also with the copy previously prepared by them, and, in every case, receiving and reading revises, until a proof sheet was received in which such vigilance as they were able to exercise could detect no error."

In the subject-matter thus carefully printed, the student intimate with other town records will notice many familiar topics, furnishing admirable comparative material, and at the same time some less.

familiar, indicating the peculiar circumstances of the settlement of Providence and the different character of her people. Land-regulation is everywhere prominent: its division, distribution, extension, alienation and exchange. These volumes are full of this agrarian activity, as are all other volumes of New England town records, and yet with the single exception of Eggleston's monograph scarcely any scientific investigation of the land system has been made. It is certainly just as much a subject for scholarly examination as are the political conditions, the town meetings and the like.

Providence shows a custom, rare in the Colonies, of a constant interchange of land. Land in the plain was exchanged on equal terms with land at the upper end of the valley. A share of meadow was exchanged for two ponds and a parcel of hill-land. Two shares of meadow were exchanged for ten acres of upland. Sometimes two persons exchanged land with each other. This at first was done without charge at the request of the landowner under the supervision of the town, but later a payment was made called "change money." Such a system must have greatly complicated the land records, for it would seem as if the greater portion of the inhabitants exercised this privilege of exchange. The records offer excellent opportunities also for the study of the "purchase right," the powers and qualifications of proprietors, the practice of commoning and its limitations, the election of officers, the contents of wills, the forms of manumissions, deeds, conveyances, the value of fees, rents, etc. An occasional record of published banns may be noticed, and a more frequent record of civil marriage. Even after the union (1647) Providence occasionally called her "orders" "laws," and we get important glimpses of her relation to the central government in the careful watch which she kept upon expenditures. (Cf. iii, pp. 164-165, 240.) Providence started, as did Guilford, Milford, Southampton and Branford, as an independent self-centred community, a town-state.

It is a wish, though without promise of fulfillment, that other Rhode Island and Connecticut towns would follow the example which Providence has set. We can hardly expect small country towns to appropriate one thousand dollars, or even a part of this sum, for such a purpose, but large cities, such as Hartford and New Haven, can well afford to do it, and it is a disgrace to them that they do not. Braintree, Dorchester, Salem, Groton, Boston and now Providence have set them an example which they would do well to follow.

CHARLES M. ANDREWS.

The Labor Movement. By L. T. HOBHOUSE, M. A. Pp. 98. London: T. Fisher Unwin. New York: G. P. Putnam's Sons. 1893.
Kritik des Socialismus. Von LUDWIG FELIX. Pp. 117. Leipzig: Duncker & Humblot. 1893.

The purpose of Mr. Hobhouse's book is to show the relation between the various tendencies toward the collective control of industry in the interests of consumers, and the extent to which these tendencies may be regarded as the means of working out our social ideals. His conclusions are: (1) that trades-unionism, co-operative organizations of various forms, and municipal and State socialism are complementary and not in any sense antagonistic movements; (2) that they are all aiming at the same goal, namely, the collective control of industry in the interests of consumers, and in thus working are not only promoting the best interests of society in a general way, but are going to the very roots of the social question. His argument in brief is as follows: Our present industrial system is defective in three important particulars: (1) supply does not readily adjust itself to demand owing to the imperfect character of the means for the anticipation of demand by producers; (2) in the regulation of wages the law of supply and demand operates so slowly that wage-receivers frequently suffer from starvation wages for long periods of time, with the result that the standard of life and the efficiency of whole generations of workers are frequently permanently lowered; (3) the social surplus—total values minus total costs—now goes to the owners of natural advantages—in the form of rent and monopoly gains—and to those who have inherited capital. The organization of co-operative societies in both productive and distributive industries aims at bringing producers and consumers together, and thus constitutes a remedy for the first mentioned defect. The municipalization of certain industries also tends toward the same result. Trades-unionism is the remedy for the second evil. "It regulates the conditions of employment in the interests of all the workers. It puts the manual laborer on an equality with his employer in arranging terms, and accordingly it raises wages and diminishes hours of work. It effects general economy by eliminating incapable employers, and by raising the standard of comfort among workmen it is not only a direct benefit to them, but, by making them more efficient agents in production promotes the general health of the national industry" (p. 27). State and municipal socialism aim at the equitable distribution of the social surplus. The various forms of the "Labor Movement" according to Mr. Hobhouse, would deal far better with the main elements in the distribution of the national dividend than the forces of private enterprise and free competition. "The remuneration of the workers (of every kind) being fixed by the trades-unions in agreement

with the public at large, the surplus remaining would pass to the community for common purposes; the profits of enterprise going to communities of consumers, whether in the form of co-operative societies, municipal bodies, or the State; while rent and interest would go directly to the municipality or the nation. Thus each branch of the "Labor Movement" has its appropriate part of the general problem to work out, and united they give hope of a complete solution" (p. 79).

The mere statement of Mr. Hobhouse's propositions suggests the fundamental weakness of his book. He has idealized the reform movements of the present day, and expects from them much more than sound judgment based upon actual facts warrants. Even with the assistance of the specious arguments of which the book is full, it requires a vivid imagination to see how co-operative organizations of the sort common at the present day will ever solve the problem of over-production. Of the shortcomings of trades-unionism and the weakness and impracticability of socialism, Mr. Hobhouse seems unconscious. Of course, we all may share with him the hope that out of the present agitation in favor of reform some more or less adequate solution of our social problems will evolve, but it will require more and better evidence than is contained in this book to convince most people that we have yet hit upon the precise means by which this end is to be attained.

Mr. Felix's monograph is a good antidote to the book just reviewed. It constitutes the concluding portion of the fourth and last volume of his work on "*Entwicklungsgeschichte des Eigentums*." Owing to a necessary delay in the publication of this volume, and to a desire to give a wider circulation to his criticisms on socialism than his larger work is liable to secure, this part is given to the public separately in the form of a moderate sized pamphlet. The arguments and the conclusions contained in it may be regarded as the result chiefly of the author's investigations into the history of the development of property, and they are widely different from those to which Marx and others were led by precisely similar investigations.

Mr. Felix finds the socialists guilty of bad logic and of bad political economy, and the victims of imperfect knowledge and the misinterpretation of history. He admits at the outset that there is a vast amount of poverty and suffering in the world for which the immediate victims are not personally responsible, but he claims that from such facts the conclusion cannot be legitimately drawn that our present industrial system is fundamentally bad and wrong. In drawing such a conclusion he holds that the socialists overlook three great facts, namely: (1) that before this era of capitalistic production the condition of the masses was much worse than it is at the present day; (2) that changes in the

social and industrial environment, even for the better, necessarily involves suffering for individuals, and oftentimes for whole classes; and (3) that the best institutions are subject to abuse, and are always abused by imperfect men. The considerations employed in the establishment of these facts are followed by a critical examination of the charges brought by the socialists against our present industrial system and of the economic doctrines which they hold. Marx's theory of value, upon which most of their reasoning rests, is shown to lack both the support of facts and of sound reasoning. Their objections to interest, rent and profits fall with the theory upon which they are chiefly based, but are still more completely undermined in the sections treating of the unearned increment, the separation of the laborer from his tools, Marx's theory of surplus value, and the justification of profits. In the last chapter of the monograph Mr. Felix attacks the constructive side of socialism. The brief reign of socialism in France during the revolution is examined, and the query is raised whether the limitless and fearful despotism of that period would not be the necessary concomitant of any attempt to realize the ideals of socialists. Private property in land and the instruments of production is vigorously defended in this chapter as the necessary condition for the development of personality and the realization of freedom. "*Ohne Freiheit kein Eigentum, so ohne Eigentum keine Freiheit*" is the proposition. The danger to the family and consequently to morals and all healthy social development involved in socialism, is ably demonstrated in the concluding portions of this book.

The critical work done by Mr. Felix is on the whole quite satisfactory. He makes out a strong case against socialism, and does it in moderate space and with vigor. Most economists, however, will take exceptions to much that he says on the subjects of rent, interest and profits. Few will be willing to go as far as he does in his attempts to argue the unearned increment out of existence, and fewer still will be satisfied with his feeble attempts to bolster up the productivity theory of interest. Much that he says about profits is good, but he scarcely touches the main features of the problem. WM. A. SCOTT.

Staatsschuldentilgung und Staatsbankerott. By DR. ALOIS KÖRNER.
Pp. 104. Vienna, 1893.

La Grèce Économique et Financière en 1893. By DEM. GEORGIADES.
Pp. 144. Paris, 1893.

These two brochures might seem from their respective titles to be but slightly related. The first, however, is only the theoretic

counterpart of the practical proposals made in the second. Dr. Körner attempts to complete his popularized treatment of public credit, contained in his earlier tractate upon the conversion of public debts, by this consideration of their legal extinction and by the added critique upon state bankruptcy. It would be hypercritical to object that in an essay designed for the non-specialized public, important omissions occur in the history of the financial theory of debt extinction. But even with this admission, it must be said that the presentation of the subject is made in part without any sense of proportion. For example, in the exposition of Price's Sinking Fund Theory, the destructive criticism of Ricardo is not mentioned. There is one more serious fault to be found with this study. Designed, as it purports to be, for popular reading and apprehension, the danger of unguarded statements is very great. Thus the easy approval of Hume's dictum denying the destructibility of public credit for any long period even in case of repudiation is liable to gross misinterpretation by the lay reader.

M. Georgiadès in summing up the financial condition of Greece comes to the conclusion that the further payment of the full interest upon the State indebtedness is no longer possible, and that some understanding with the State's creditors looking toward a compromise is necessary. Such a conclusion seems from his presentation of the facts inevitable, and recent parliamentary action has virtually sanctioned this policy. The facts that about one-half of current revenue is absorbed in payment of the yearly interest, and that the productiveness of the tax system has reached its limits warrant this dismal acknowledgment on the part of the State. The whole financial and monetary policy of Greece for the past ten years has been so obviously vicious that bankruptcy is but the natural outcome. The tax system hampers industry. Export and import duties further restrict the growth of trade. Inconvertible paper money has brought its inevitable train of evils, raising prices irregularly, disturbing normal distribution, attracting imports and lessening exports. Continued deficits have been met by fresh loans, and the evil day has been postponed only to come with more crushing force when at last it did appear.

W. M. DANIELS.

Die Preisbewegung der Edelmetalle seit 1850 verglichen mit der der anderen Metalle, unter besonderer Berücksichtigung der Produktions- und Konsumtionsverhältnisse, Von Dr. SAMUEL MCCUNE LINDSAY. Pp. 219. Jena : Gustav Fischer. 1893.

Social and economic problems are dinned into our ears on every side in these days, and crude solutions are pressed upon a long-suffering

humanity which has not always learned that it was in need of bread. Professional economists, who pride themselves on their "science," have fallen into the same mode of thought. They are forever on the lookout for "solutions," unmindful of the fact that half the problems which they discuss have never been correctly stated. With them the question which any new work suggests is what does it propose, and forthwith they proceed to discuss conclusions with but too little regard for the processes by which they are reached. There are obvious reasons for such a tendency, and we are all of us only too prone to follow it. But in judging such a work as that under consideration it leaves us in the lurch.

Dr. Lindsay writes without tendencies; his effort is to give us an objective account of the movement of prices of the precious and other metals. In discussing the causes of such movement he presents his arguments in a manner which permits the reader to judge for himself. With a self-control, which excites our admiration, he resists the glittering temptation to wander far astray into the field of monetary controversy, with which his subject has such intimate relations.

What are the standards of criticism to be applied to such a work? It is obvious that we cannot quarrel with it for belonging to a different class from the majority of new works which come under our notice, but must consider whether it is good of its own class. We must ask ourselves (1) Does it cover all the ground which the subject demands? (2) Does it bring together new or hitherto inaccessible materials? (3) Does it group familiar and new material in such a way as to throw greater light upon the subject? These are the questions which properly apply to a work, which like Dr. Lindsay's, collects the material for a judgment, instead of itself pronouncing a conclusion. Judged by them Dr. Lindsay's work is a very satisfactory and creditable performance. The deliberate, painstaking and conscientious methods of German scholarship could have found no more accurate exponent than this American disciple.

After a brief discussion of the economic importance of price movements, the author proceeds to a discussion of the methods of price statistics. The problem which confronts him is the proper method of comparing the prices of a group of articles at different periods. In short he has in technical language the problem of a proper index number. A brief but lucid discussion of the practice and proposals of several writers leads to what seems to us an obvious conclusion that an average of indices in which each article has weight according to its consumption best accords with theoretical requirements.

At this point we seem to be deflected from the line of the argument. A new sub-division of the work treats of the production and

consumption of the metals. Gold and silver occupy a leading place, and the method follows the type familiar in the well-known works of Suess. The official publications of the United States Government lend a confirmation to what is in the main a skillful condensation of Suess' work. In regard to iron, steel, coal, copper and lead the same method is followed, and here the author has sifted and arranged a mass of evidence, which at the same time guarantees the correctness of his conclusions and bears most striking witness to his industry.

All this material is perhaps a necessary interruption of the price discussion. In a third division of the work we return to prices. For each of the metals the prices in London, Hamburg and New York are carefully collated and appropriate indices given. The American prices are derived from the Statistical Abstract, and are, I believe, for the first time in German economic literature brought into direct connection with those of Europe. In concluding this division of his work the author makes an important comparison by groups of four price series, Sauerbeck's and the *Economist* English prices, the Hamburg prices and the American prices. The comparison is made by the methods of simple and weighted average.

The fall in price is clearly proven. It may not have required the author's searching analysis to convince many of the fact, but the most unwilling could not resist the conclusion if he were to follow the exposition. We take it that the author is chiefly concerned in establishing the fact of lower prices by methods which no criticism could undermine, which no cavil could shake. Hence we have given to this feature of the work the leading place in our consideration.

But so minute an inquiry could not fail to point out some at least of the causes of the movement. The author goes no further than his material allows him. Changes in production and transportation are inadequate to explain the entire fall of price. It appears probable, therefore, that the standard of value is responsible for the change, but "the inference is not conclusive since we cannot know the number of possible causes; nor be certain that the standard of value is the sole cause."

The caution implied in the last quotation appears to us carried to an extreme. It does not prevent the author from briefly discussing proposed changes in the standard of value. Such are the tabular standard and international bimetallism. But with his consistent moderation he goes no further than to suggest that the solution will probably be found in international regulation of money matters though the details of such action cannot yet be determined.

ROLAND P. FALKNER.

Agricultural Insurance in Organic Connection with Savings Banks, Land Credit and the Commutation of Debts. By DR. P. MAYET (translated from the German by REV. ARTHUR LLOYD, M. A.). London: Swan, Sonnenschein & Co.

This work, by Dr. Paul Mayet, formerly professor at the University of Tübingen, is written, in the main, from the Japanese standpoint, as will be understood when it is premised that the author has for some years been in the service of the Government of Japan, in which capacity he has materially helped that country to adapt her ways to Western example.

Though the book originally appeared in Japanese, it is fortunate that it has been offered to English-speaking peoples in their own idiom, since the problems which it discusses are unhappily only too universal. In indicating the general scope of Dr. Mayet's work we can afford to ignore the specifically Japanese portions, only saying in passing, that the information, and especially the statistics, collected by the author, possess great value, alike for political economists and for those whose interest in agricultural questions is of a more practical kind. Investigating the condition of Japanese agriculture, Dr. Mayet found everywhere signs that the cultivators of the soil suffered in two ways—in the first place from insufficient protection, or rather no protection at all, from the destructive effects of natural forces, such as flood, storm, hail, frost, and the like, and then from the absence of machinery for the proper organization and distribution of capital. That debt was general and ruin common amongst the farmers followed almost as a matter of course. Accordingly, he proceeded to devise a scheme whereby these defects might be remedied. Though keeping in mind the fact that he was dealing with a country having its own peculiar conditions and traditions, he determined, as far as possible, to place his proposals on a universal basis, so that other lands might benefit by his studies. The scheme which he prepared embraced the three branches: (1) Agricultural Insurance of a very comprehensive kind; (2) Agricultural Savings Banks, and (3) a system of Land Credit. These three institutions he proposes to organize in such a way that they shall be mutually operative and mutually supporting. Insurance he divides into three kinds: crop insurance, cattle insurance and building insurance. Of saving institutions he also proposes three: (1) Parochial Postal Savings Banks; (2) Rural Savings Societies, and (3) Provincial Savings and Land Credit Institutes. As to agricultural credit, he would give Provincial Savings and Land Credit Banks the power to issue debentures under fixed conditions, and finally, in order to place the encumbered farmer on a firm foundation, and give him a fresh start, he proposes to liberate him from his creditors by the help

of Arbitration Boards, which shall determine his liabilities and help him to meet them. It will be seen that the underlying principle of this work is agricultural insurance and credit on a mutual and co-operative basis. The idea is a good one, though not indeed new, either in theory or practice. The chief merit of Dr. Mayet's book is that he theorizes with reference to a concrete case, which he has first thoroughly investigated and mastered. One is struck throughout the book by the readiness—perhaps natural enough—with which the author proposes to apply to Japan the methods and institutions common to Germany, even to the extent of favoring compulsion where the desired results are not otherwise to be attained. It might seem as though Dr. Mayet had been ignorant that other countries have dealt with the same problems, and have discovered and applied expedients of their own, for which a certain success can be claimed. This one-sidedness is the only complaint that we have to find with the contents of the book. For the rest, the work is that of a thoroughgoing and above all of a systematic scholar. On the whole, there is perhaps too much system.

The tedious complexity of classification, dear to the heart of every German economist, is hardly helpful to readers. "Parts" and "chapters" are not sufficient, but we must have "divisions" and "sub-divisions" and "sections" endless. Not only so, but the book, though bearing London as its place of origin, bears evident signs of having been printed either in Germany or Holland, and the typographical result cannot be pleasing either to the American or the English eye and taste.

WILLIAM HARBUTT DAWSON.

Socialism, its Growth and Outcome, by WILLIAM MORRIS and E. BELFORT BAX. Pp. viii., 335. London: Swan, Sonnenschein & Co. New York: Charles Scribner's Sons. 1893.

The book begins with a brief outline of universal history. The whole so presented and manipulated as to show the preparation for and certain triumph of socialism. The purpose of the book is not disguised though the intention of the writers is presumably to be true to facts. Nothing is harder, however, than for a propagandist to argue fairly from history, and our writers have by no means avoided the difficulty. The earlier chapters on ancient history are not clear. This is partly due to the extreme brevity required, and partly to the inherent difficulties of the subject. The conclusion, however, cannot be resisted that the writers are not sufficiently at home in this part of their subject. The note added at the close is an implied confession that they feel this part of their work to be unsatisfactory, but it does little to help it.

The history of the Middle Ages is suggestive, but strongly biased by an evident and intelligible apologetic purpose. This is especially manifest in Chapter V,—the rough side of the Middle Ages. The advantages of the feudal system having been previously enumerated, an attempt is made in this chapter to prove that the disadvantages were apparent rather than real. While much of truth is stated, the unbiased reader can hardly rest satisfied with the conclusions offered. This glorification of feudalism preparatory to a condemnation of modern society smacks of pettifoggery.

The great blemish of the book is the temper in which the writers approach recent history, and the existing social organization. That there is much of truth in this part of the work cannot be denied, but its force is weakened by the frequent epithets, the vein of vituperation, delicate though it be, which betrays at every page a hopeless alienation from the existing social system, a system which, after all, probably has as much in its favor as feudalism. Granting, as we freely do, that the present social equilibrium is unstable and transitional, it still remains true that it is a normal stage of evolution, and that it deserves sympathetic treatment rather than villification.

A brief sketch of the evolution of socialist theory follows, in which bias is again apparent. The perennial mistake is made of stating with approval Marx's theory of value, a mistake we call it because it is as demonstrably untenable as any economic theory ever presented, and still more because it is no way necessary to socialism. It is one of the anomalies of the evolution of socialism that the socialist movement with its vast propelling instinct so easily explained and so easily justified on ethical grounds, should have laid such feverish hold on the murky dialectic of Marx, and made it the centre of a "science," if not of a religion. The book closes with a suggestion of a constitution of socialistic society, which is modestly stated and interesting. The book is one more evidence of the reality and power of the forces behind the socialistic agitation, and of the incoherency of their present expression.

H. H. POWERS.

Politische Geographie der Vereinigten Staaten von Amerika, unter besonderer Berücksichtigung der natürlichen Bedingungen und wirtschaftlichen Verhältnisse. By Dr. FRIEDRICH RATZEL, Professor der Geographie an der Universität zu Leipzig. Zweite Auflage. Pp. 763. München: R. Oldenburg. 1893.

In Ratzel's "Political Geography of the United States" Germany has brought forth a book worthy to rank with Bryce's work as a

transatlantic view of American civilization. Whereas in the English work the political element is accentuated, in the German the emphasis is laid first on the geographical conditions, and from these as a basis a wide range of questions embracing race, population, politics and culture is ably discussed. Ratzel sees in the United States a new country and a youthful nation filled with the spirit of enterprise, working with the indomitable energy of a people in whom repair still exceeds waste, having conceptions which in their scope reflect the greatness of the territory in which they were born. Our civilization is to him highly instructive, because it means European ideals carried out under peculiarly fortunate circumstances, with no restriction of space or means, and with a minimum of interference and disturbance from outside influences because of the comparative isolation of the United States and its natural leadership among the nations of the Western Hemisphere.

Faithfully to portray this civilization in all its phases, to analyze the factors in it, to establish the laws of their combination and estimate their reciprocal influence,—this is the task which the author set for himself and which he has performed with astonishing completeness and truth. He is in turn geographer, ethnographer, sociologist and political economist, and in whatever character he writes, he is always the scientist. He brings to his work a German integrity of mind, the broad judgment of a man learned in many lines, a familiarity with our history even in its remote and local features, and a critical insight into our national character born of knowledge and sympathy.

The standpoint of the author is essentially that of the geographer. He finds in geographical position, boundaries and area the fundamental elements, the known quantities in the equation of a country's development, and he therefore devotes to these the detailed treatment which their importance would demand. He shows that particularly in the case of the United States the young republic struck its roots deep into the soil of the country, that every extension of its territory meant the planting of a new cornfield, that what it gained politically it held industrially, and that the continued intimate connection of these two factors accounts for the wholesome character of our national growth. Geography in his hands throws some strong side-lights upon questions of historical development, public policy, race intermixture, and social tendencies; so to the student of American history and economics his book offers many profoundly suggestive thoughts.

ELLEN C. SEMPLE.

Louisville, Ky.

The Financial History of Virginia, 1609-1776. By WILLIAM ZEBINA RIPLEY, PH. D. Columbia College Studies in History, Economics and Public Law. Vol. IV, No. 1. Pp. 170. New York: 1893.

This publication, like Douglas' "Financial History of Massachusetts," in the same series,* is a careful collection of material from sources available only to one on the ground. It is an excellent example of the proper line of work for a doctor thesis. A carefully made compilation of the best authenticated facts from the original records is always welcome. It is doubly so in this case because of the importance of Virginia in the financial history of America.

We scarcely expect to find in the early financial history of any of the colonies very much uniformity, or many well established principles. The people, as Dr. Ripley points out, were "too fully occupied in conquering a wilderness to spin fiscal theories." They "wanted simply to support their incipient government in the easiest possible way." It is natural that the early history should consist of a number of disconnected efforts. Fixed habits of financial management were not really formed in colonial times.

The article treats of the different sources of revenue which were direct and indirect taxes, quit-rents and later some few forced loans in the form of paper money, it takes up in connection with each of these the principle objects of expenditure for which they were intended. For a considerable time the government was largely supported by granting officials the use of certain lands. The distinctly royal officials were also partly supported by the revenue received from quit-rents. But these payments were practically abandoned before 1720 although they were theoretically recognized as late as 1755.

The first real tax in Virginia was a poll-tax in 1619. Its object was the support of the officers of the colonial assembly. This tax was continued in 1623 as a commutation for military service. It remained throughout the first century a chief source of revenue. Toward the end of the century it declined in importance and indirect taxes took its place. Called into use again in 1756 by the French and Indian War it yielded, in 1763, a larger revenue than all the other taxes together.

Of the customs duties the most important was the tax on tobacco exported. This tax began as a part of the general colonial policy of England. It came to be one of the mainstays of the colonial treasury. Other duties were the import duty on liquors, and one on slaves and an export duty on hides, together with tonnage dues.

"Local (county) expenditures were invariably met by means of a poll-tax levied upon the male inhabitants of the county," rated by

* See *ANNALS*, Vol. iii, p. 379, November, 1892.

the justices in county court. Later church tithes were collected in the parish for the support of the minister.

As the early operations of the treasury, here as well as elsewhere in the colonies, were hampered by the poor condition of the currency, the author very correctly adds two chapters to the account of the finances proper on the two subjects, hard money and paper money. In regard to the scarcity of the former it is urged as an important consideration that it was due in part to the personal influence of the early governors, who found it to their interest to encourage the use of tobacco or tobacco notes in place of hard money. But it is not clearly shown how this influence was made effective. I am inclined to think that it added but little to the natural effects of the economic dependence on England and the non-existence of credit. It is shown quite conclusively that there was more coin in circulation in Virginia during the eighteenth century than is generally admitted. But as tobacco was also used as money and was constantly falling in value, payments were made in that, whenever possible. It was a sort of double-standard system, coin and tobacco, in which the ratio was constantly changing as tobacco fell in value.

In the discussion of paper money the author is led into an occasional trifling error by a failure to understand the use of the word "bank" by the colonists to mean, not an institution, but merely a large sum of money.

C. C. PLEHN.

Darwin and Hegel, with other Philosophical Studies. By DAVID G. RITCHIE, M. A. Pp. xv., 285. London: Swan, Sonnenschein & Co.; New York: Macmillan & Co. 1893.

This is a "magazine made" book. The nine scholarly articles comprising its several chapters, "Origin and Validity," "Darwin and Hegel," "What is Reality," "On Plato's *Phaedo*," "What are Economic Laws," "Locke's Theory of Property," "Contributions to the History of the Social Contract Theory," "On the Conception of Sovereignty,"* and "The Rights of Minorities," have all been published at various times in philosophical or political science journals in England or in this country. The author's vindication for giving such a miscellany of detached studies this title—and it the heading of the second chapter—lies in the fact that "the diverse subjects are looked at from a common point of view;" and that it indicates his

* ANNALS, Vol. i, p. 385, January, 1891.

purpose to set forth the grounds of reconciliation between the "idealist" philosophy, growing up, mainly, out of Kantian criticism, as expounded by Hegelians, and the "materialistic" philosophy resulting from the introduction of the historical and comparative methods into the studies of race ideas and institutions and the influence of the doctrine of evolution and natural selection. From the standpoint of the "Idealist Evolutionist," Mr. Ritchie believes that we shall best be able to consider the concrete problems of politics and ethics, in the solution of which philosophical criticism finds its test and greatest usefulness. It is in the latter regard that the truly profound metaphysical analyses and the close scrutiny of the subtleties of dialectics and definition in the first four chapters of this volume will be found of really great interest and importance to the students of the economic, political and social sciences. Few American students of these sciences, and, we venture to say, few professors, appreciate the fundamental necessity of sound "metaphysical" postulates, as a basis of correct reasoning and construction in their sciences. "Metaphysical," as commonly applied by them to doctrines, is a term of reproach. But those most given to deriding the term, are usually dominated by meta-physical notions, pure and simple, and which are, as Mill long ago pointed out, not only erroneous, but fruitful parents of evil in the transactions of daily life. Thus the perversions in politics and philosophy that have resulted from the "Nature" theories and "Innate Ideas." Mr. Ritchie shows how immediate and practical is the bearing of the most abstract of abstract discussions upon the settlement of current political, social and industrial problems; and he rightly protests against the illegitimate distinction, so constantly made by men of affairs, and by men of "the profession" as well, between the "practical" and the "theoretical" treatment of subjects, always, of course, to the detracton of the latter.

In the essay "What are Economic Laws?" there is an able and lucid exposition of the nature of scientific laws, of the position of economics among the sciences, and of the meaning of "laws" in historical sciences. There are set forth the distinctions, too often forgotten by economic writers, between physical laws and biological laws, the differences between the latter and economic and sociological laws. The content of the term "law," where we have to deal with self-conscious and contriving moral agents as in economic activity, is expounded most convincingly. Mr. Ritchie does not believe that economics as a science has anything whatever to do with laying down moral "precepts" or practical rules; and he protests against the proselyting propensities of many economists who presume impartially and scientifically to investigate and to expound the laws of

industrial life and institutions. "The protest is necessary, both in the interests of science and in the interests of practical politics. The student of economic science, as such, does not provide social precepts; it is his business to study the phenomena in the same spirit as that in which the physiologist and pathologist study the phenomena of health and disease." The scope and method of economics, as presented here, correspond with the limits and modes of investigation set forth by Professors Keynes, Marshall and Nicholson.

In "Contributions to the History of the Social Contract Theory," the students of political science, and especially those interested in the history of the development of political theories, will find a scholarly essay dealing with this interesting and important phase in the evolution of opinion regarding the nature of society and the State. The notion that society and government arose or had its beginning in a "social contract" played a great part in the revolutionary politics of the seventeenth and eighteenth centuries in England and France; and we have the course of its history traced here. The doctrine as such was first clearly discernible in the mediæval writers. The Greek Sophists, however, advanced philosophical ideas that anticipated the later developments. The individualism of Epicurus made the contract theory fit in with the philosophy of pleasure. Greek thought, nevertheless, as represented by Plato and Aristotle looked upon society as a "social organism." In the Middle Ages the notion took hold of the political and ecclesiastical writers, the authority for which was found in the Bible and Roman law. Many interesting passages from original authorities are quoted, showing how widely prevalent the doctrine was, not only in philosophical but in practical politics in the seventeenth century. The different phases which the contract theory assumed in the writings and times of Thomas Aquinas, Hooker, Hobbes, Locke, Rousseau and Kant, are dwelt upon at some length.

FRANK I. HERRIOTT.

Philadelphia.

I Primi Due Secoli della Storia di Firenze, Recerche di PASQUALE VILLARI. Vol. I. Firenze: G. C. Sansoni. 1893.

Although during the last decade much has been done by such men as Capponi, Del Lungo and Hartwig toward giving us a clearer insight into the early history of Florence, there still remains so much to be done that this volume of Mr. Villari will be welcomed by all students of Italian history. What we need most is the economic and social history of the city. Burckhardt's work on the "Civilization of the

Renaissance" hardly takes us back far enough into the city's history. As the author aptly puts it: "the history of Italian liberty, from the Middle Ages to the time of Charles VIII. (1494), is the history of the Italian cities." The history of these cities is therefore the *sine qua non* to an understanding of the subsequent development of the Italian people. The very first chapter of Mr. Villari's book deals with the origin of the city, a subject which seems to be lost in a confused mass of legends. We are, however, taken as far back as the beginning of the twelfth century. The second chapter treats of the "Origin of the Commune of Florence," and traces the administration of the city during the twelfth century. The remaining four chapters of the book treat of the "First Wars and Reforms of the City," "The Parties and Guilds of Florence," "The Predominance of Florence in Tuscany" and "The Commerce and Polity of the Guilds of Florence." To the economist the last chapter is by far the most interesting. The history of the seven guilds, their marvelous development and continual quarrels, forms one of the most interesting and suggestive periods in Italian history. The author brings out with great clearness the contrast between the flourishing condition of art and commerce, and the gradual decline of the political institutions which ended in the loss of that large measure of civic liberty, so characteristic of the earlier days of the republic. If the succeeding volumes are as full of instruction and interest as these first seven chapters, the work of Mr. Villari will take equal rank with his "Life of Savonarola."

L. S. ROWE.

Philadelphia.

Staatenbund und Bundesstaat, Untersuchungen über die Praxis und das Recht der modernen Bünde, von Dr. J. B. WESTERKAMP. Pp. 549. Leipzig, 1892.

The theory of the composite State and the best method of classifying its various forms ought to be of especial interest to us. Not only is our own government one of the most remarkable examples of its species, but its establishment in 1789 was the beginning of a movement which has spread over a great portion of the civilized world and rendered the composite State the most characteristic product of this century in the field of political organization. Hitherto, however, the speculation upon this topic has taken a variety of invariably hopeless turns. We have forgotten how numerous and diverse are the examples of composite States which this century alone has seen, Prof. Hart being perhaps, the only one in this country who has given careful attention to the foreign unions. Over a dozen excellent examples

may be found, and at present the area subject to this form of government embraces three times that of all Europe. We have known only two forms of union, that under the Articles of Confederation, and our present Constitution, and have consequently not known these well. Our works in the United States have until very recently, at least, regarded our own Union as the normal federation, and we have given scanty attention to the variations which show themselves in other more recent unions, like those of Switzerland, Canada and especially Germany.

The English have, with the notable exception of Mr. Bryce, too readily accepted this view, Mr. Freeman confining his studies almost exclusively to a class of historical institutions of which we know but little, and which it is safe to say exercised no appreciable influence upon the renaissance of federal government in this century. In Germany, where a great deal of attention has been given, since the formation of the new empire, to the theory of the composite state, there has been a pretty complete failure to study other institutions than their own. The attempt, at times almost ludicrous, to generalize from a single highly autochthonous system, reaches its climax, in definitions of a federation which quite exclude our own form of government.

A comparative study of the best modern examples of composite States, Dr. Westerkamp rightly regards as a necessary preliminary to a correct definition of the terms confederation and federation. In accordance with this plan he has taken for comparison the following unions: The United Netherlands, the United States under the Articles of Confederation, the Swiss Confederation and the German Union of 1815, the United States under its present Constitution, Switzerland since 1848, the United States of Mexico, the Argentine Republic, Canada and the German Empire. Obviously there is an ample field of study here without considering the Greek unions which the author does well to neglect as irrelevant. Professor Westerkamp does not deceive himself as to the true character of all successful political organizations. "Forms of government serve human needs; they are to be understood only in the light of the conditions which called them forth, they are to be judged according to their effects upon the security, power and prosperity of the nation. Juristic logic and dialectic are means for the interpretation of constitution and laws, they must not, however, degenerate into fruitless or hurtful scholasticism, dealing with false or meaningless categories, they must not be abused for the purpose of obscuring the clear significance of constitution or laws. The Constitution of the United States of America, which must inevitably form the centre of investigations of modern unions was the result of mutual deference and concession." "This

constitution," the author continues, "will not stand the application of narrow-minded juristic logic which neglects the exigencies of political life and the necessity of numerous compromises." This is directed especially toward the methods represented by Laband, whose knowledge of, and interest in, comparative constitutional law is of the slightest. The conceptions of federation and confederation Dr. Westerkamp prophesies "must ultimately be brought down in Germany from that ærial region where ideas dwell together in harmony to the region of reality, '*wo die Sachen hart sich slossen.*'"

The descriptions given of the various constitutions show that the author has not contented himself with the study of texts, but has made a careful investigation of the actual workings of the governmental machinery. He has done this by a prolonged sojourn in the United States, Switzerland, Holland and Germany. The results of this painstaking method are clearly to be seen in his excellent comparison in their salient points of the leading characteristics of the various composite States. He takes up in order, the origin, competence, organization, action and guarantees of the Federal Government in each of the countries mentioned. By an occasional judicious *excursus* upon some interesting point the monotony inevitable to the enumeration of constitutional provisions is avoided.

In the last sixty pages of his book the author gives the conclusions reached after an examination of the various forms of union. He finds little difficulty in showing the weakness of the ordinarily accepted distinction between the Federation and the Confederation, as well as the inadequacy of the less common definitions which have been advanced from time to time, especially that of the eminent German jurist, Professor Paul Laband. The characteristic difference between Confederation (Staatenbund) and Federation (Bundesstaat) he claims does not lie in the scope of governmental powers *as such*, nor in the organization of the federal power, nor in the action of the federal government *as such*; it lies rather in the method of amending the constitution and the self-dependence of the federal government.

All the unions which have usually been classified as confederations agree in demanding the unanimous consent of all the States to a change of the constitution, whereas the federations, while they adopt a variety of forms of amendment, do not require unanimity. We find, moreover, that the classification does not differ if we go farther and consider the historical unions from the standpoint of the power possessed by the central government to maintain itself and perform its proper functions without depending upon the individual States, especially in the matter of revenue. Self-sufficiency and independence are therefore the most important distinguishing features of a

federation. This implies (1) more extensive powers than those granted to the central government of a confederation; (2) an appropriate organization which, however, varies greatly in different cases; (3) the union must not be dependent on the States for the promulgation of its laws and the carrying out of its executive judicial measures. The author regards it as desirable that the federal legislation should be executed by the federal organs and not by the states, and that the legislative and judicial power should be co-extensive, and that the federal courts have the final decision upon the constitutionality of all laws. In these respects the Swiss Federation and the German Empire are behind the other federations, for in Germany the legislation and supervision only is vested in the central government, while much of the execution of the laws, according to the constitution, falls to the state governments. Lastly, the previously mentioned possibility of altering the constitution without the unanimous consent of the States is a requisite of every strong progressive government.

These views the author does not claim are original, but are substantially in harmony with those of the Federalist. He takes great pains to show the inaccuracy of the generally accepted view of the difference between Confederation and Federation, that based upon the supposed fact that Confederations act only on the States and Federations upon the individuals of the States. This is, as he proves, *not* the view accepted by the Federalist where it is carefully demonstrated (No. 40), that under the Articles of Confederation Congress acted in some cases directly upon the individual, while on the other hand our present constitution provides in some instances for the action of the central government through the State governments. Dr. Westerkamp proves how misleading a classification upon this ground would be. The difference is a quantitative not a qualitative one. It ought to be said that the author, in spite of his admiration for the Federalist and an evident careful acquaintance with it, appears to miss the main intent of the work which was not primarily to contrast the then existing Confederation with the proposed Federation, but to prove to the suspicious States that the new government was not a *national*, *i. e.*, a unitary government which would practically annihilate them. For example, in a passage which our author himself quotes (Federalist No. 39), Madison speaks of "the difference between a federal and a *national* government." The Federalist ought always to be construed in the light of Elliotts' Debates.

But is not the task after all of determining the characteristics which serve to distinguish a Federation from a Confederation (Bundesstaat from Staatenbund), if we conscientiously consider the multifarious forms which the composite State has assumed historically in modern

times, so difficult as to suggest some defect in our method of classification? Is it not after all as if we should try to classify all colors as light and dark? Where should we place crimson, violet and orange? We would soon give up in despair and adopt some other plan. For if we look at all the various shades we are soon convinced that the categories, light and dark, which are very useful and often quite clear, have no scientific value. Ought we not to give up the vain hope of crowding all the varying forms of union into just *two* classes, attaching names to these classes as vague as the terms light and lighter? The United States passed through two stages in the development of the present union, the earlier one we call a confederation, the present one a federation. But no one has ever discovered a satisfactory definition of these two forms. How impossible then to attempt to assimilate the dozen other composite States which have developed independently since our present government to the two ill-defined types of our own experience?

Dr. Westerkamp's excellent work affords the best substantiation of this view. The definition he reaches is after all vague, and while certainly an advance over those usually accepted, the main value of his work is to show that governments, like men, offer infinitely varying peculiarities, which preclude a rigid classification.

JAMES HARVEY ROBINSON.

NOTES.

PROFESSOR TURNER, of the University of Wisconsin, has recently published an article on "The Significance of the Frontier in American History," * that contains much which the economist and historian will find interesting and instructive. Professor Turner rightly holds that "the true point of view in the history of this nation is not the Atlantic coast, it is the great West." The central thought in the article is that "the advance of the frontier has meant a steady movement away from the influence of Europe, a steady growth of independence on American lines. And to study this advance (and its causes), the men who grew up under these (frontier) conditions, and the political, economic, and social results of it, is to study the really American part of our history." The article is written in Professor Turner's usually felicitous style, and is enhanced in value by copious references, in foot-notes, to authorities.

THE AMERICAN PEACE SOCIETY of Boston has offered three prizes of \$100, \$50 and \$25 respectively, to the members of the Senior and Junior classes in American colleges and universities for the best three essays on the "Economic Waste of War." According to the conditions of the contest, each college shall submit but one essay, the choice between the essays written by the students of that college to be made by its faculty. The essays shall be type-written and contain from 2000 to 3500 words and must be submitted to the society on or before July 15, 1894.

IN CONNECTION with the Midwinter Fair in San Francisco it is intended to hold a series of congresses, of which one will be a Congress of Economics and Politics. It will meet near the end of April.

MR. CLIFFE LESLIE, writing in the *Fortnightly Review* in 1880, remarked that in America itself none but the disciples of Carey would

* *The Significance of the Frontier in American History*, by FREDERICK JACKSON TURNER, Ph.D., Professor of American History in the University of Wisconsin. Pp. 34. State Historical Society of Wisconsin, Madison, 1894.

pretend that Americans had made any considerable additions to stock of economic knowledge. Professor Luigi Cossa, twelve years later, in the pages of the *Giornali degli Economisti*, declared that Americans had created an economic literature which is interesting and instructive to the European economist. Both statements would probably command general acquiescence, and, taken together, they indicate that in America the last decade has been one of unusual and fruitful activity. Aside from the publication of formal treatises on economics, those who have accomplished these results have found two effective means of bringing their ideas to the public, viz., the economic reviews and the annual meetings of the Economic Association. From the standpoint of the student who wishes to get into close contact with the sources of the new ideas and systems there are obvious drawbacks to both these agencies. The article published in an economic review is useful, but it is divorced from the personality of the writer, who has therefore no opportunity to answer trifling objections, serious enough, it may be, to prevent conviction in the mind of the reader, but not serious enough to justify the series of replies and rejoinders which are sometimes called forth. The Economic Association does permit personal acquaintance and discussion of the propositions presented, but the time is necessarily so limited that no single speaker has an opportunity to present his ideas otherwise than in meagre outline. It is now proposed to provide an additional opportunity for the presentation of theoretical and applied economics in connection with the University Extension Summer Meeting, which is held annually in Philadelphia in the month of July. At that time in the year those regularly at work in the universities and colleges, whether as instructors or students, can most easily lay aside routine duties and gather for a month's serious discussion. The University Extension authorities propose to offer a series of lecture-courses and conferences by a half-dozen or more of the foremost economists. Each lecturer will have sufficient time to develop the essentials of his own system, and in view of the character of the students who will be certain to be attracted by such courses, it is doubtful if he could have more favorable conditions for the presentation of new economic truth. None have done more to promote the vigorous and healthy growth of economics in the United States in recent years than Professor J. B. Clark, of Amherst College, who is this year president of the American Economic Association, Professor Simon N. Patten, of the University of Pennsylvania and Professor F. H. Giddings, of Bryn Mawr College, recently called to the head of the Department of Sociology in Columbia College. They are everywhere recognized as leaders both in originality and in influence, and both are peculiarly associated with

the development of the newer economics, to which the chief contributions on the Continent of Europe have been made by the Austrian economists.

Professor Clark, Professor Giddings and Professor Patten will offer courses of about ten lectures each in economic theory. Professor Patten will present in a more complete form than elsewhere his system of Dynamic Economics, Professor Clark will discuss the subject of Distribution, and in one week of his course develop more fully the ideas first suggested in his "Philosophy of Wealth." Professor Giddings will discuss the relation between Sociology and Political Economy and other social sciences, and will consider what re-arrangement of the subdivisions of political economy are made necessary by the results of recent study. President E. Benjamin Andrews, of Brown University, the weight of whose influence has been thrown in favor of bimetallism, will discuss the theory of money from the bi-metallic standpoint and will give an account of the proceedings of the Brussels Monetary Conference of which he was a member. Professor J. W. Jenks, of Cornell University, Professor A. T. Hadley, of Yale University, and other prominent economists whose subjects have not yet been announced will take part in the meeting.

A RECENT WORK* by Paul Bureau is a thoroughly diverting pamphlet. It is so characteristically French, that is, French of the superficial order. It begins, as most works of its kind do, with an apostrophe to the "positive method" in social science. There follows a statement of the problem under investigation, to wit, the fall in the rate of interest. We are told with some solemnity that the question is one of great mystery, as yet unsolved even by M. Leroy Beaulieu. There follows a brief historical résumé of the progress of the rate of interest, when presto, *une conclusion très nette s'en dégage!* This astounding conclusion is, that the cause of the fall in the rate of interest is an aggregation of capital by commerce without a corresponding field of investment for it in agriculture or manufactures. The conclusion is the more surprising from the fact that the author states at the outset, that a mere increase in the supply of capital relative to the demand is no explanation of the fall in the rate of interest. He is avowedly seeking some more radical explanation. And so finding that a developed commerce and a low rate of interest have gone hand in hand, he leaps to the unwarranted conclusion that a highly developed commerce

* *La Diminution du Révenu.* By PAUL BUREAU, Professeur suppléant à la Faculté libre de Droit de Paris. Pp. 131. Paris, 1893.

is the cause of the low price of capital. The converse, that plenteous capital seeks an outlet through extended commerce, would be nearer the truth. But even his illogical conclusion does not satisfy him. Why, he asks, is capital so rapidly accumulated in commerce? And he replies, because commerce simply amasses goods without consuming them. Here he has misconceived the nature of economic consumption, and fallen into another error. He shows some qualms even then. He admits that manufactures do not consume all their raw material (here misusing the term consumption again), and argues that thus capital may be in some slight degree accumulated outside of commerce. But this, he thinks, is not worth serious attention; and concludes his comedy of economic errors with his "*conclusion très nette*" that an extended commerce is the ultimate cause of the fall in the rate of interest.

MISCELLANY.

THE NATIONAL CONFERENCE FOR GOOD CITY GOVERNMENT.

A National Conference for Good City Government was held in Philadelphia on Thursday and Friday, January 25 and 26, of this year. The idea of the conference originated with the Municipal League of Philadelphia, and the conference was called under the joint auspices of that body and the City Club of New York.

The following is a copy of the call which was sent out for the conference:

THE MUNICIPAL LEAGUE OF PHILADELPHIA.

PHILADELPHIA, December 29, 1893.

DEAR SIR :

THE MUNICIPAL LEAGUE OF PHILADELPHIA, with the co-operation of the CITY CLUB OF NEW YORK, has decided to issue a call for a NATIONAL CONFERENCE FOR GOOD CITY GOVERNMENT, to be held in Philadelphia on the twenty-fifth and twenty-sixth days of January, 1894.

The principal objects of the Conference will be to determine, so far as is possible by inquiry and debate, the best means for stimulating and increasing the rapidly growing demand for honest and intelligent government in American cities, and to discuss the best methods for combining and organizing the friends of Reform so that their united strength may be made effective.

The program for the papers and discussions, as at present outlined (subject to possible changes), is as follows :

First.—A brief summary of existing conditions in different cities, and a description of Municipal Government and Municipal Officials as they ought to be.

Second.—Methods for obtaining better government without resorting to the nomination or support of independent candidates.

Third.—Methods that involve the nomination or support of independent candidates.

Further details will be mailed hereafter to those proposing to attend.

You are respectfully invited to be present at the meetings and to take part in the discussions. It is believed that by attending this Conference, those who realize the vast importance of the problems to be discussed will accomplish much in arousing public interest, in raising the popular standards of political morality, and in securing for the advocates of Municipal Reform that feeling of brotherhood and co-operation and that unity of action and methods, which will multiply their strength and enthusiasm, and inspire the people with the hope and confidence essential to final success.

If you are an officer of any association of voters, which has for one of its objects the improvement of Municipal Government or the proper management of city affairs, we shall be greatly obliged if you will at once do whatever may be necessary to extend this invitation to such organization, and procure the appointment of delegates to attend the Conference. It is our desire to have copies of this letter

sent to the secretaries of all associations of a kindred character in the United States, but there may be many whose addresses are unknown to us, and we shall, therefore, be very glad to receive any that you can furnish.

An early response is specially requested, as our time for preparation is brief. Letters may be directed to the Corresponding Secretary of the League—Clinton Rogers Woodruff, 514 Walnut Street, Philadelphia, Pa.

Very respectfully,

Charles Richardson,	Edmund J. James,	Herbert Welsh,
Stuart Wood,	William I. Nichols,	Clinton Rogers Woodruff,
George Burnham, Jr.,	Francis B. Reeves,	Thomas Martindale,
S. D. McConnell,	W. M. Salter,	George Gluyas Mercer,
Joseph G. Resengarten,	R. Francis Wood,	

Committee of Arrangements.

Edmond Kelly,
John Harsen Rhoades,
R. Fulton Cutting,

Committee of City Club of New York.

We desire to express our cordial approval of the call issued by the Municipal League of Philadelphia for a National Conference for Good City Government, to be held in Philadelphia on the twenty-fifth and twenty-sixth days of January, 1894. Appreciating the vital importance, as well as the difficult nature, of the problems to be discussed, we sincerely hope that those who have given particular attention to such subjects will make special efforts to attend the Conference.

James C. Carter, President of the City Club of New York.

Edmond Kelly, Secretary of the City Club of New York.

Charles Francis Adams, Boston.	R. W. Gilder, New York.
Theodore Roosevelt, Washington, D. C.	Carl Schurz, New York.
Richard H. Dana, Boston.	Charles W. Eliot, Cambridge, Mass.
Charles J. Bonaparte, Baltimore Md.	Abram S. Hewitt, New York.
Henry C. Lea, Philadelphia.	Lyman J. Gage, Chicago.
Charles A. Schieren, Brooklyn.	Wayne MacVeagh, Philadelphia.
Charles Eliot Norton, Cambridge, Mass.	Washington Gladden, Columbus, O.
George W. Childs, Philadelphia.	Daniel C. Gilman, Baltimore, Md.
Gamaliel Bradford, Boston.	Lyman Abbott, New York.
Moorfield Storey, Boston.	Richard T. Ely, Madison, Wis.
Matthew Hale, Albany, N. Y.	Alexander Brown, Philadelphia.
L. Clarke Davis, Philadelphia.	Francis A. Walker, Boston.
R. Fulton Cutting, New York.	Edward E. Hale, Boston.
Horace White, New York.	John R. Procter, Washington, D. C.
William G. Low, Brooklyn.	Edwin L. Godkin, New York.
Edward M. Shepard, Brooklyn.	Wendell P. Garrison, New York.
John Field, Philadelphia.	William Potts, New York.
Fred'k Law Olmstead, Brookline, Mass.	W. Harris Roome, New York.
Phillip C. Garrett, Philadelphia.	H. B. Adams, Johns Hopkins University.
Samuel B. Capen, Boston.	Wm. J. Gaynor, Brooklyn.
Isaac Sharpless, Haverford College, Pa.	Sylvester Baxter, Boston.
Ansley Wilcox, Buffalo, N. Y.	Hampton L. Carson, Philadelphia.
Finley Acker, Philadelphia.	Theodore M. Etting, Philadelphia.
Edward Cary, Brooklyn.	Ellis D. Williams, Philadelphia.
John B. Garrett, Philadelphia.	O. W. Whitaker, Philadelphia.
Joel J. Bailly, Philadelphia.	W. W. Frazier, Philadelphia.
J. Andrews Harris, Philadelphia.	Wm. Dudley Foulke, Richmond, Ind.
Joseph Krauskopf, Philadelphia.	H. La Barre Jayne, Philadelphia.
Edwin D. Mead, Boston,	John H. Converse, Philadelphia.

Charles C. Harrison, Philadelphia.
 Isaac J. Wistar, Philadelphia.
 Everett P. Wheeler, New York.
 Jacob F. Miller, New York.
 Seth Sprague Terry, New York.
 Samuel H. Ordway, New York.
 James S. Whitney, Philadelphia.
 Franklin MacVeagh, Chicago.
 R. C. McMurtrie, Philadelphia.
 Joseph S. Harris, Philadelphia.
 Marshall Field, Chicago.

Wm. P. Henszey, Philadelphia.
 Horace E. Deming, New York.
 Anson Phelps Stokes, New York.
 Alfred Bishop Mason, New York.
 A. R. MacDonough, New York.
 Charles R. Codman, Barnstable, Mass.
 George Burnham, Philadelphia.
 J. Rodman Paul, Philadelphia.
 James E. Rhoads, Bryn Mawr.
 E. W. Clark, Philadelphia.
 William Pepper, Philadelphia.

It will be a matter of satisfaction to members of the Academy to remember that our society was one of the first scientific organizations to give any recognition to the plans and work of the Municipal League of Philadelphia. It will also be remembered that the Tenth Scientific Session of the Academy, held on the twenty-fourth of November, 1891, was devoted to a discussion of the question—"How to Improve City Government." Two of the papers read at that session, the one by Mr. F. P. Prichard, on "The Study of Municipal Government," and the other by Dr. William Draper Lewis, on "The Political Organization of the Modern Municipality," were printed in full in the January number of the *ANNALS* for 1892, and were subsequently reprinted in the separate edition series as numbers 43 and 44; while in the same number the by-laws and declaration of principles of the Municipal League were printed in full.

These are not the only papers which have been submitted to the Academy upon the interesting question of municipal government. The paper by Professor Simon N. Patten, on "Decay of State and Local Governments," printed in the first number of the *ANNALS* for July, 1890 (No. 2 in the S. E. series); "Public Health and Municipal Government," by Dr. John S. Billings, which appeared as a supplement to the *ANNALS* in February, 1891 (No. 17 in the S. E. series); "Our Failures in Municipal Government," by Gamaliel Bradford, printed in the *ANNALS* for May, 1893 (No. 88 in the S. E. series); "Home Rule for our American Cities," by Dr. E. P. Oberholtzer, printed in the same number of the *ANNALS* (No. 90 in the S. E. series); and the paper on "Some Neglected Points in Municipal Government," by Dr. Leo S. Rowe, read at the Twenty-first Scientific Session of the Academy on December 20, 1893, not yet printed, form, when taken together, a most valuable contribution to the literature on municipal government.

It is a matter of satisfaction that one of the most active members of the Academy from the beginning of its work, Mr. Clinton Rogers Woodruff, has done also valued service in the work of developing the Municipal League. Mr. Woodruff has been secretary of the Municipal

League from its organization, and was also appointed secretary of the recent national conference held in Philadelphia.

The program of the conference was carried out almost exactly as it was announced. Delegates appeared from New York, Brooklyn, Boston, Chicago, Baltimore, Milwaukee and many other cities.

Hon. James C. Carter, of New York, presided over the meetings of the conference. A public meeting, presided over by Hon. John Field, was held on Friday evening, and a banquet was tendered the visiting delegates by the local committee on Thursday evening.

A congratulatory address was delivered at the opening of the conference by Hon. James C. Carter, followed by an address of welcome by Mr. George Burnham, Jr., President of the Municipal League of Philadelphia. At the morning session on Friday, a series of addresses on the municipal problem in various cities was given by delegates from Municipal, Good Government and Reform Clubs of their respective cities: Mr. Moorfield Storey answered for Boston, Mr. William G. Low for Brooklyn, Mr. Franklin MacVeagh for Chicago, Mr. Charles Jerome Bonaparte for Baltimore, Mr. George G. Mercer for Philadelphia, and Mr. Edmond Kelly for New York.

In the afternoon Dr. Leo S. Rowe, of the Wharton School of Finance and Economy, spoke on the city of Berlin as a municipality; Hon. Carl Schurz, of New York, on "The Relation of Civil Service Reform to Municipal Reform;" Mrs. Joseph P. Mumford, a member of the Philadelphia School Board, on "The Relation of Women to Municipal Reform;" Mr. W. Harris Roome, of New York, on "The Separation of Municipal from other Elections."

The speeches at the banquet given on Thursday evening were of more than the ordinary after-dinner interest, for Mayor Stuart, of Philadelphia, Mayor Schieren, of Brooklyn, Mr. R. W. Gilder, editor of the *Century* Magazine, Hon. James C. Carter, Professor George W. Graham, of the University of Pennsylvania Law School, Mr. Horace E. Deming, of New York, Mr. Sylvester Baxter, of the Boston *Herald*, Mr. James M. Beck, Mr. W. Harris Roome made, in the course of their remarks, many valuable suggestions on the subject of municipal government.

The session Friday morning was introduced by a paper from Rev. Washington Gladden, of Columbus, O., on "Influence upon Officials in Office." This was followed by two addresses on "How to Arouse Public Sentiment in Favor of Good City Government;" the first by Edwin D. Mead, editor of the *New England Magazine*, entitled "By Means of Education," the second by Rev. Dr. J. H. Ecob, of Albany, "By Means of the Churches."

On Friday afternoon the subject was "How to Bring Public Sentiment to Bear Upon the Choice of Good Public Officials." The first

paper was by Mr. Alfred Bishop Mason, of New York, on the subject, "Through the Primaries;" the second by Mr. Samuel B. Capen, of Boston, "By Means of Selection from the Candidates of the Regular Parties and by Means of Occasional Nomination of Independent Candidates." As Mr. Capen was absent, Rev. F. B. Allen, Secretary of the Episcopal City Mission of Boston, read Mr. Capen's paper. The third paper was by Mr. Charles Richardson, of Philadelphia, entitled "By Permanent Political Parties." Mr. John A. Butler, of Milwaukee, also read a paper on "Municipal Conditions in Milwaukee."

In order to test the sentiment of the conference, Mr. Horace E. Deming offered a resolution that it was the opinion of the Conference that it is vital to good municipal government that national politics should be divorced from city elections and the administration of city affairs. The resolution was unanimously adopted.

A resolution was also adopted providing for the appointment of a committee of seven to take into consideration the desirability of forming a National Municipal League, with authority to proceed to the organization of such a body if in their judgment it seemed best.

The committee appointed is: Herbert Welsh, of Philadelphia, chairman; Charles G. Richardson, of Philadelphia; James C. Carter, Wm. Harris Roome and James W. Pryor, of New York; Moorfield Storey, of Boston; Charles J. Bonaparte, of Baltimore, and Franklin MacVeagh, of Chicago.

A public meeting was held on the evening of Friday, the 27th, at which the Hon. John Field, of Philadelphia, presided; the Rev. Dr. W. S. Rainsford, of New York, Mr. Charles J. Bonaparte, of Baltimore, Mr. Moorfield Storey, of Boston, and the Hon. Theo. Roosevelt, of the National Civil Service Commission, delivered addresses. Dr. Rainsford spoke on "The Churches and Municipal Reform;" the Hon. Theodore Roosevelt on "Practical Methods for Securing Political Reform."

It lay in the nature of the situation that no immediate practical outcome should be the result of this Conference. But every citizen who was privileged to attend this Conference must have rejoiced at the evidence of growing interest in the great field of municipal government. There were, of course, many different opinions as to the practical methods of securing the end desired, but all agreed as to the necessity of arousing public attention and educating public sentiment, if our city governments are to be improved. No subtle devices or complicated machinery will be of any avail unless the sense of civic duty can be aroused in the average citizen. The proceedings will be published in full.

Among those taking part in the discussion, besides those mentioned above were: Mr. W. J. Campbell, of New York; Mrs. J. Ellen Foster,

of Iowa; Mr. David W. Glass, of Baltimore; Mr. Robert H. Graham, of New York; Professor D. S. Holman; Mrs. Thomas Kirkbride, of Philadelphia; Mr. L. A. Maynard, of New Rochelle, N. Y.; Mr. Jos. A. Miller, of Providence, R. I.; Rev. W. I. Nichols, of Philadelphia; Mr. John H. Rhoades, of New York; Rev. J. Howard Smith, of Philadelphia; Mr. Charles W. Watson, of New York; Mr. Herbert Welsh, of Philadelphia; Dr. Frances E. White, of Philadelphia; Rev. Leighton Williams, of New York; Rev. T. C. Williams, of New York; Mr. Geo. G. Wright, Cambridge, Mass.

The following is a list of the delegates in attendance upon the Conference:

Municipal League of Philadelphia—George Burnham, Jr., Charles Richardson, Thomas B. Prichett, Clinton Rogers Woodruff, Finley Acker, Herbert Welsh, Stuart Wood, William Draper Lewis, Henry Gawthrop, Dr. John B. Roberts, Rev. William I. Nichols, John P. Croasdale, B. Frank Clapp, Rev. S. D. McConnell, George G. Mercer, Hector McIntosh, Rev. Joseph May, H. Gordon McCouch, Ebed S. Cook, George E. Mapes, Frank P. Prichard, Prof. Edmund J. James, R. Francis Wood, Lincoln L. Eyre, Francis B. Reeves, W. M. Salter.

City Club of New York—James C. Carter, John Harsen Rhoades, R. Fulton Cutting, Frederick Bronson, Boudinot Keith, Rev. Theo. C. Williams, Eugene L. Lentillon, Richard Watson Gilder, Rev. W. S. Rainsford, Wm. Bayard Cutting, Rev. Eugene A. Hoffman, Edmond Kelly.

Good Government Club A, New York—Wm. Harris Roome, De Forest Grant.

Good Government Club B, New York—Royal S. Crane, Dr. John P. Peters, Louis C. Whitin, Henry R. Elliott.

Good Government Club C, New York—John Jay Chapman.

Good Government Club D, New York—Charles Taber, R. W. G. Welling.

Good Government Club E, New York—W. J. Campbell, Robert Graham, L. J. Callanen, T. C. Harriott, Charles M. Perry, E. F. Bliss, Jr., John B. Faure, R. C. Carroll.

Civil Service Reform Association—Carl Schurz, Horace E. Deming, Wm. Potts, J. H. C. Nevins, Alfred Bishop Mason.

Baltimore Reform League—Charles Morris Howard, Charles J. Bonaparte, Henry W. Williams, Wm. J. Dickey, Dr. Adam J. Gorman, Richard Bernard, Dr. Sidney Sherwood, Larason Riggs.

Baltimore Taxpayers' Association—Henry N. Bankard, Michael A. Mullin, Edward Stabler, Jr., Dr. Milton Hammond, Benj. F. Walker.

Citizens' Reform Movement of Baltimore—W. Morris Orem, Walter Carrington, James J. McNamara, Frederick W. Schultz, Robert Roddy.

Union League of Chicago—Wm. A. Giles.

Boston Citizens' Association—W. W. Vaughn, Charles W. Birtwell.

Civil Service Reform Association of Cambridge, Mass.—George G. Wright.

Advance Club, Providence, R. I.—Joseph A. Miller, Samuel W. Kilvert, Hiram Howard.

Board of Trade, Minneapolis—A. L. Crocker, J. S. McLain.

Municipal League, Milwaukee—John A. Butler.

Library Hall Association of Cambridge—George G. Wright.

Massachusetts Reform Club of Boston—Moorfield Storey.

Jefferson Club of New Orleans—F. C. Zacharie, Prof. J. R. Ficklin.

American Institute of Civics—Dr. H. R. Waite, Rev. M. C. Peters, Walter S. Logan, LaSalle A. Maynard.

Good Government Club, Yonkers, N. Y.—Datus C. Smith, Alexander Laird, Frederick Wm. Holls, S. T. Hubbard.

Chadwick Civic Club of New York—Edward King, Charles B. Spahr.

Citizens' League of Camden, N. J.—Col. Samuel Hufty, Dr. Silas H. Quint.

Board of Trade, Reading—Geo. J. Eckert.

Presbyterian Ministers' Association of Philadelphia—Revs. John S. MacIntosh, D. D., William H. Roberts, D. D., William Hutton, D. D., Andrew J. Sullivan, D. D., Robert Hunter, D. D.

Temple Congress, Philadelphia—Evan B. Lewis, Augustus Reimer.

Public Opinion Club, Philadelphia—Wm. C. Davis, Dr. Jump, Frank B. Boon.

In addition to the above delegates, the following invited guests were present at the Conference:

Boston—Sylvester Baxter, of the *Herald*, Rev. F. B. Allen, Edwin D. Mead, of the *New England Magazine*, George P. Morris, of the *Congregationalist*. Baltimore—W. H. W. Kelmen, David Horn, C. Glaser, D. W. Glass. New York—Rev. Leighton Williams, C. W. Watson, Rev. W. S. Ufforel, A. G. Gerring. Brooklyn—Wm. G. Low, Hon. Chas. F. Schieren, Thos. G. Shearman, A. Augustus Healy. Chicago—Franklin McVeagh and F. N. Voorhees. Lafayette College, E. D. Warfield. Albany, N. Y.—Rev. J. H. Ecob. Kansas City, Mo.—T. W. Johnson, Jr. and F. W. MacDonald. Columbus, O.—Rev. Washington Gladden. Hartford, Conn.—Arthur Perkins. Brown University—Geo. G. Wilson. Cornell University—J. W. Jenks. Montclair, N. J.—Kirk Brown. Millville, N. J.—Jos. A. Haines. Camden, N. J.—F. T. Lloyd.

MAY,

1894.

ANNALS
OF THE
AMERICAN ACADEMY
OF
POLITICAL AND SOCIAL SCIENCE.

THE PROBLEMS OF MUNICIPAL GOVERNMENT.

I have chosen the subject of the municipal history of New York, because I think that in that history more than in any other source with which I am acquainted, one gets an idea of the true nature of what is called "the municipal problem." New York is not only the largest of American cities, but I think it may fairly be called—with all proper respect to the claim of Chicago—the typical American city; that is, the city in which the tendencies which make the government of American cities difficult, can best be traced. The evils with which reformers have to contend in New York are very much the same as those with which they have to contend everywhere. When we are discussing the municipal problem in New York, therefore, we are discussing the municipal problem of all our large cities. Each is trying experiments in the best manner of meeting these evils, but New York has been trying these experiments longer than any of them, and has tried more experiments. If I said that the modern world in seeking to govern cities by universal suffrage was sailing out into a sea, of whose extent or coasts

nobody knew anything, I should not be very far wrong. But certainly New York has gone further on this voyage of discovery than any other, has made more observations, and reached more conclusions, sorrowful or hopeful as the case may be. When I ask you to follow me down its history since 1821, therefore, I am asking you to assist at one of the most curious spectacles in history, the efforts of a great, prosperous, and Christian community to protect its religion and morality and property from ruin at the hands of a government of its own choice.

For this is the great peculiarity of our municipal problem to-day. As you know, the enemies which the cities of the modern world hitherto have had to fear, have been enemies from the outside—the monarch, the nobles, or other cities, or the domestic rabble. The enemy which the American city has to contend with are the officers whom it elects itself, whom it could avoid electing, and to whom, as a general rule, the majority of its voters are opposed. Consider for a moment what a point this peculiarity has reached in New York. That city is governed to-day by three or four men of foreign birth, who are very illiterate, are sprung from the dregs of the foreign population, have never pursued any regular calling, were entirely unknown to the bulk of the residents only five years ago, and who now set the criticism of the intelligent and educated classes at defiance. I might multiply illustrations of ostentatious indifference of this ruling class to the opinions and feelings of the better informed. The point to which I wish to draw your attention is, however, that these rulers, such as you see them, enjoy their power through the votes of a *minority* of the population, and in order to secure and maintain it, have never had to resort to any species of violence. We have had no tumults, riots, *coups d'etat*, or armed seizures of power. Everything has been done decently, peaceably and in order, under the forms of law, and under the eyes of the freest and most inquisitorial press in the world.

Now, this is our municipal problem, or municipal puzzle I should rather call it. How does this state of things come about, and is it remediable? Is there any *permanent* solution of it for American cities, or for any of the cities of the world—for I suppose every one of them is destined at no distant date to be ruled, as some are now, by universal suffrage. I say “permanent,” because of course we are all familiar with the fact that *temporary* reforms are, and have been, achieved by what are called “popular risings,” such as occurred in New York in Tweed’s day, and in Brooklyn last fall. They consist in an outbreak of popular indignation caused by the increasing audacity of the wrong-doers, making abuses for the moment unbearable. But there are two objections to this method of reform. One is that all great outbursts of popular feeling are apt to be followed by a period of reaction, or apathy, during which the old evils resume their sway. The other is that you cannot follow the plan of letting things reach their worst before you seek to cure them, without making a whole generation so familiar with abuses that they seem to it part of the natural order of things, and when you ask for another indignant rising, you find your preachings fall on dulled ears. What we are seeking is some legal enactment, or state of public feeling, which the mere appearance of an abuse will at once bring into action and correct it, at the only time when the destruction of an abuse is easy—the time when it *first* makes its appearance.

One of the most interesting things in the history of New York, to the student of municipal government, is that when the Constitutional Convention met in 1821, to take stock, as it were, of the condition of the State after thirty years of independence, the idea that there was ever going to be a municipal problem does not seem to have occurred to any one, meaning by municipal problem, the difficulty of governing the city itself. In the report of the convention I can find only one mention made by any one of the possibility

of trouble arising out of the growth of New York, and that was by Mr. Kent, afterward the famous Chancellor, when arguing against the extension of the franchise which was then limited. But what troubled him about New York, was not any difficulty in governing the city itself, but the danger that it would eventually become the leading power in the State, and would use the power against the farmer or the "landed interest," as it used then to be called. Said he :

"What has been the progress of the city of New York? In 1773 it contained only 21,000 inhabitants; in 1821, 123,000 souls! It is evidently destined to become the London of America; and it is no hazardous prophecy to foretell that in less than a century *that city will govern the State*. And can gentlemen seriously and honestly say that no danger is to be apprehended from those combustible materials which such a city must ever enclose? Shall every department of the government be at the disposal of those who are often ignorant of the importance and nature of the right they are authorized to assume? The poor man's interest is always in opposition to his duty; and it is too much to expect of human nature, that interest will not be consulted."

This prevision has not proved literally true, but it has come very near the truth. After another apportionment, the cities of New York and Brooklyn, which are governed in much the same way, and complain of the same rule, and send the same class of men to the legislature, will in all probability have a majority in both houses, and thus literally rule the State. They have now nearly a majority. But as I have said, nobody at that time seemed troubled by the difficulties of city government except on one point—the exposure of private property to reckless appropriation at the hands of speculators in city improvements. Precautions against this were taken in the Constitution of 1821, which this convention drew up, and the Convention of 1846 followed its example. But in the Convention of 1846 there was the same indifference to the question of city government in general. One member only, Mr. Murphy, seemed to have made it a specialty, and he fought valiantly for a general act

of incorporation for municipalities, similar to that provided for banks and other commercial or industrial corporations. The corruption and demoralization wrought by the practice of special acts of incorporation for such institutions, was so great that a peremptory stop had to be put to it. But all efforts to procure the provision of a framework of city government in the Constitution of 1846 were fruitless. It made the suffrage universal, strengthened the provisions for the protection of private property against schemes of city improvement; but here it stopped. It left every city in the State at the mercy of the legislature, as regarded the creation or alteration of its charter—a tremendous oversight, as the result has proved.

But it was the legitimate result of the then state of opinion touching the relation of cities to the State. The country had had no experience of large cities. The assemblage of large masses of men in one spot, with peculiar needs in the way of police and sanitation, was a somewhat novel idea to the American mind. Boston was governed as a town down to 1825, and the pigs ran loose in the streets of New York down to 1840. It is very doubtful whether at that time, even if there had been any disposition to provide a general constitutional framework of city government, men could have been found competent to draft it, particularly as there was a strong disinclination in the Conventions of 1821 and 1846, to follow European models, even if there had been good European models to follow. But the work of municipal reform had only begun in Europe about 1830, and in fact there was more or less darkness through the whole world touching city government. The idea that the city was a stronghold, had not wholly given place to the idea of the city as a centre of great social and intellectual activity, and of commerce and industry. But it must also be said that there was not at that period any disposition on the part of the legislature to impose on cities any special form of its own devising. The principle of local self-government was

on the whole respected. Down to 1822, the mayor, as well as some other city officers, was appointed by the Executive at Albany, as he had been from Colonial days. But in that year the power of appointing him was made over to the Common Council, composed of the aldermen and assistant aldermen. In 1834, he was made elective by the people, but the legal people in the city at that period consisted, first of freemen or freeholders, and after 1834 of persons who had resided for six months within the city limits, and occupied a tenement worth \$25.00 annually. In 1842 all restrictions in the suffrage were swept away. These were concessions made by the legislature to the growing democratic feeling. With the exact form the charter was to take it did not interfere. Changes in the city charter were made by conventions elected by the city voters, who submitted their work to the popular vote, before asking the legislature to convert it into a law. One such convention was held in 1829, another was held in 1849. They were composed of the leading men in the city, and their debates were long and serious, and their work treated with a reverence which we now find it difficult to understand. The Common Council of New York in 1835, solemnly requested Chancellor Kent to prepare a treatise on "the powers and duties of the mayor, aldermen and assistant aldermen, under the charter of 1829," and he composed a good sized volume on the subject. He reminds the aldermen and the assistant aldermen, that "their trust is one of the gravest responsibility," that "they are bound to give a regular and punctual attendance at the board, and to discharge the duties which devolve on each member, diligently, intelligently and impartially." The assistant aldermen differed in the main from the aldermen in having no judicial or magisterial powers; they were simply the lower house of the municipal legislature, but one who knows Common Councils in our day reads with a smile the Chancellor's observation that, "the office would be pleasant and desirable to persons of leisure, of intelligence and of disinterested zeal

for the wise and just regulation of the public concerns of the city."

This failure to provide for the incorporation of cities under a general law, which has been so disastrous for the city and State of New York, is not general throughout the Union. It is only the following States which have still special powers of incorporation: New York, Michigan, California, Minnesota, Oregon, Louisiana, Nevada, Maine, Maryland, North Carolina, Texas and Alabama. The result of the absence of such a law in New York is that every legislature nowadays does something to tinker the charter, and in fact the tinkering of the charter is one of the principal moves in the game of politics as played in Albany. Since 1836, alterations in the charter have been made by legislation, without consulting the voters of the city, and without any official application of the corporation, in 1840, 1842, 1845, 1846, 1849, 1850, 1852, 1853, 1857, till we get down to the Tweed charter in 1870, which was in some respects an improvement on its predecessors, but was passed, without difficulty, for knavish purposes. In 1873, after his overthrow, the present or "reform charter" as it is called, has undergone many changes, but it is difficult without much research to separate them from the mass of general legislation. The two most important ones are the release of the mayor from the obligation to get his appointments to office confirmed by the Board of Aldermen, and the introduction of the competitive system into the selection of candidates for a large number of the minor offices. The reform charter, too, has made a change of which few people outside know anything, but which is, I think, a very ingenious device for the satisfaction both of popular suffrage and property. The assistant aldermen who were once the lower house of the city legislature have wholly disappeared. The aldermen, however, have been preserved. But their powers of legislation have been taken away from them. They have now only two powers—the bestowal of franchises on corporations which have to use

the streets in pursuing their business, and the granting of licenses to itinerant and sidewalk venders. Over the taxes they have no control whatever. They do not originate the city budget, and their approval of it is not necessary.

The law obliges the mayor to submit it to them, and allows them to make any observations on it they please, but they never make any, and nobody would pay attention to them if they did. Their power to grant franchises, is, I believe, a matter of some dispute among lawyers, but as the consent of the residents along the line of the proposed improvements, and of the Supreme Court, is necessary to its effectiveness, the aldermen's share in the matter is, as a rule, insignificant. The most important application ever made to them for a franchise was that of the promoters of the Broadway Railroad in 1887. The occasion proved so tempting, and their virtue so weak, that after they had granted it three of them were tried and sent to the State Prison, and several others fled the country. The city estimates of receipts and disbursements are all made by what is called the Board of Apportionment, composed of the heads of different city departments sitting with the mayor, as a sort of financial council. Their resolutions are in all cases final. Every one must be struck by the skill of this arrangement. The aldermen are still elected by their districts, and receive—for the work they do, and the class from which they come, an enormous salary—\$2000 per annum. The ambition of the local politicians is thus gratified, or satisfied, and they are furnished with a prize which makes ward politics interesting, and the voters are appeased by electing a branch of the old city legislature, at one time composed of the principal local notables. The device must certainly be considered a new departure in city government, but I think no one who has watched its work can help considering it a happy mode of saving the masses of property in a great city from the greed of a small body of needy, obscure and unscrupulous men. The Board of Apportionment is composed, as a rule, of men of a certain conspicuousness,

who are already performing important administrative functions, and through whose hands the great body of the taxes passes.

For the State legislature, the power of special legislation for the city must be considered extremely corrupting. The city of New York contains a very large body of what, to the legislature and to the class who fill them, are very highly paid officers. Consider what \$8000 a year for ten years as a police justice, must be to a "tough," or loafer whose highest ambition in life has been the keeping of a good groggery, or a small court clerkship; or \$12,000 a year as a health officer to a physician whose practice was confined to the treatment of a few servant girls. Over these offices and scores of others like them the legislature has complete control. It can create or abolish them, raise or reduce the salaries, lengthen or shorten the terms, and something of this sort it does at every session. Besides this power it has the still more money-making power, which it also exercises at every session, of "striking" the city corporations by proposals for the increase of their taxes, or interference of some kind with their business. Consider for a moment the effect of finding themselves in possession of such powers, on a body composed, as the legislature is in the main, of small traders, or farmers, or village lawyers, who are generally needy, or they would not go into politics, and who look on their term of service as a chance of fortune which may never, and rarely does, come to them again.

There is one thing connected with modern democracy, which attracts comparatively little attention, but has a very important bearing on the problem of municipal government, as well as of State government, which it seems proper to mention here. That is, that our modern experiment in democratic government is really an experiment in the government of rich communities by poor men. This experiment has never been tried before. In the mediæval and ancient world, as a rule, the rich were the governors; the men of

large property filled the highest places in the government. This was true even of the Republics of Greece and Rome in their most democratic days. It was true also of all other ancient communities of which we have any record. It was true of every country of Europe down to the French Revolution. The great landholders ruled the country; the great merchants ruled the town. But in our day the government has passed or is passing almost completely into the hands of the poor, while the masses of property in the hands of the rich, or within reach of the legislature, has enormously increased. There is a great deal to be said on this topic, some of it obvious enough. Its connection with modern socialism and anarchism I think might easily be traced. I must pass it by here, with a mere mention, but its bearing on the difficulties of city government in a democratic State seems plain.

The determination of the legislature to rule the city, that is, to impose charters on it without the consent or approbation of the inhabitants, first became apparent in 1857. It had two causes. One was the passage of the State into the hands of the then growing Republican party, while the city remained overwhelmingly Democratic. The other was the appearance in the city of the first of the demagogues, known as Fernando Wood, at the head of a large body of immigrant voters. Wood's origin, like that of all men of his class, was obscure. Where he came from, or what his beginnings were, was not known. There was a story current during the two campaigns which the good citizens carried on against him, that his first appearance in New York, was as the leg of an artificial elephant in a traveling show. He went into business here, however, and carried it on in the fashion of men of his kind. I happened to be in court when he was proved to have raised, as against his partner, in a joint shipping venture to California, all the bills sent in to him as ship's husband, by adding figures or ciphers, as might best suit the occasion. This little incident was made

very public in his canvass, but I never could learn that it injured him in the least. His distinction was that he was the first to perceive the use which might be made of the change which immigration had wrought in the character of the voting population of the city. In fact he may be said to have discovered the electoral value of the Irish. He organized them in such fashion that he was able for the first time to cast their vote solid, in the manner now so well known under Croker, McKane and the like, and thus made himself a power to be treated with, or overthrown. His methods were all corrupt, and the police were then wholly under him, and may be said to have been composed of the riff-raff of the population, the strikers, "heelers" and shoulder-hitters, who in those old days before registration were all powerful on election day.

His goings on, however, seriously alarmed the property holders who were then less familiar with bosses than they are now, and had not learned the various ways of turning away their wrath. So the Republican Legislature at Albany made up their minds to take charge of the city government, and made a beginning by taking the police out of the mayor's hands and handing it over to a commission appointed by the governor. The creation and maintenance of the Central Park was provided for in the same manner, and interference with the city government in the Republican interest continued all through the war, until about 1868, when Tweed began to rise into prominence as a successor to Wood. He showed the danger of the system by getting control of the legislature himself and having a charter enacted of his own drafting and to suit his own purposes. From that moment government of the city from Albany fell into a discredit from which it has never recovered, and which the events of every session fully justify.

At this point there appeared on the scene in the governor's chair, a man who in the field of federal politics has received a good deal of abuse, but whose service to his own

State can hardly be overestimated. I mean Samuel J. Tilden. If I called him the last of the New York Democrats, I do not think I should be far wrong. There remain behind many men in the party doubtless as able as he, and as eager for the public good, but there remains no man possessing the same influence over the party at large, and bred in its earlier and better traditions. He was fully conscious of the evils of special legislation for municipal purposes, and of the importance of providing a general framework of city government under which all the cities of the State might come. He appointed a commission in 1876, for the purpose of drafting a scheme of legislation for that purpose. This commission, after a year of incubation, reported in 1877 an amendment to the constitution, absolutely forbidding legislative interference "in the organization of or the distribution of powers in a city government or in the terms and tenure of office therein, except by an act passed upon the application of the city, made by resolution both of the Board of Aldermen and of the Board of Finance respectively, approved by the mayor, or by an act which shall have received the sanction of two successive legislatures."

The principal feature in this amendment, and the one which ultimately led to its defeat, was the Board of Finance. That board, which was to have the exclusive control of the city finances, was to consist of persons who should for "two years preceding the election have paid an annual tax on property owned by them, and officially assessed for taxation, of the assessed value of not less than \$500, or should have actually paid during the same period a yearly rent for premises occupied by them for purposes of residence or lawful business, of not less than \$250. It was to be elected by "qualified electors who for two years preceding the election should have paid a yearly rent on premises occupied by them as a residence or for business purposes, of not less than \$125." This property qualification for the

board of the electors caused the amendment to be dropped after having passed one legislature.

The considerations which led the commission to propose a Board of Finance, to be thus composed and elected, were simply those which govern the management of every other corporation. Directors or trustees of all other corporations are men who have a direct pecuniary interest in it, and it is considered desirable, on principles of human nature, that they should themselves be the possessors of some property, as a guarantee of care and responsibility in the management of that of other people. It desired, in short, to exclude from the management of the corporate funds absolutely penniless and obscure adventurers, such as, as a matter of fact, now climb into city offices, and such as no private corporation would think of employing in any capacity. In prescribing, also, a small property qualification for the electors of the board, they were much influenced by the wise provision of the English electoral laws, which require every voter to be a rate payer, that is, to pay some direct tax however small. For there can, I think, be no question, that the population of our great cities will never be got to believe that they pay taxes, or that the amount of the municipal expenditures makes any difference to them, unless the tax collector calls on them for a direct contribution to the public treasury. In fact a very large mass of the voters of New York, are in the mental condition of a genuine proletariat, that is, of a body which feels no interest in the amount of the public burdens, and looks on the wealth around them as the true and proper source of municipal expenditure. That they are made to contribute to the city outlay through their rent is very true, but you cannot bring the fact home to them. To them truly and literally, as to the schoolmen, things which they cannot see, do not exist. Neither party in the legislature was willing, however, to shoulder the responsibility of re-introducing that odious thing a property qualification, for any purpose whatever, although debts in the New York villages can

only be incurred by the vote of the taxpayers and although in all corporative undertakings of civilized men, except cities, the man who handles the money is expected to have an actual interest in its safe keeping and proper expenditure.

Since then no other attempt has been made to procure a general law for the incorporation of cities and I see no prospect of any. Both political parties consider the city government a very important centre in the political game, and neither would be quite willing to surrender the chance of it by putting the city out of reach. They divide the offices through "deals," and make changes in the charter without any regard to the needs or demands of the city population whose corporate existence, in fact, receives hardly any recognition from the State government. It is quite easy for the boss of either party, by coming to terms with his opponents, to have offices created and their terms lengthened for his special benefit. When the medical committee which advised the Chamber of Commerce during the cholera crisis in 1892, reported that the health officer was incompetent, his brother-in-law, Croker, retorted by going up to Albany and having the term doubled in length. And when some years ago the Republican boss wished to have some bills passed for his own benefit, he accomplished it easily by consenting to the creation of a large and wholly useless addition to the number of police justices, which Tammany appointed.

One other important change has occurred for which it is difficult to think of a legal remedy. One of the strongest correctives of the evils of universal suffrage is the habit of electing notables to the leading public offices. As long as there is a feeling in the popular mind that the man who has succeeded in business or in a profession, or in any of the lawful and respectable pursuits of the community in which he lives, has the best title to such offices as the mayoralty, you have an excellent guarantee against any very gross misuse of it. What I am about to say now is the more important, because the tendency in all the recent charters is to

increase the powers of the mayor. This is a reaction from the disposition of fifty years ago to make all offices elective, on the general ground that responsibility to the people directly was more readily felt and more easily enforced than responsibility to a single superior. From the earliest times, it has been the fashion of democracy when greatly perplexed or sorely tried, to put itself into the hands of a single ruler, or dictator, as he is technically called. And this tendency has shown itself plainly in the reformed charter of three of our largest cities—Philadelphia, Chicago and Brooklyn. In all of these the mayor has been made well-nigh omnipotent, that is, he has been given very extensive, if not complete, powers of appointment and removal. Everything, in fact, has been done to fasten on him the responsibility for everything that goes wrong in the city. And this has been done on the assumption that the voters, seeing the importance of the office, will take extraordinary pains to fill it creditably.

This system has failed in several instances to secure good government, but it has always made it clear why the government was bad. In New York where it is only imperfectly tried—for the term of the mayor's appointees are not co-terminous with his own, and he may therefore find himself hampered all through his term of office with his predecessor's selections—it has given us good government under Mayor Grace, bad government under Mayor Grant, and still worse government under Mayor Gilroy. In Brooklyn, on the other hand, where the system is in complete operation, it gave good government under Mayor Low, bad government under Mayors Boody and Chapin, and is now again giving good government under Mayor Schieren. The lesson of this is that no charter arrangement of offices, or power or responsibility, will compensate for the voter's negligence, partisanship, or wrong-headedness, and a most valuable lesson it is. But it also teaches that there is no cure for municipal evils so prompt and efficacious as the existence of a

powerful mayor. The very failures of the system bring this home to the people. For when as in New York, they elect a bad mayor, in the persons of Grant or Gilroy, or as in Brooklyn, in the persons of Boody or Chapin, the consequences of this negligence or folly and the remedy for it are at once made manifest.

I have said that the adoption of this system made the personal character of mayor very important, or rather I should say, made very important, the voter's notion of what good personal character is. As a general rule, in the older communities, success in business or in a profession, or generally acknowledged good social standing of some kind, has been, hitherto, treated as a legal qualification for high municipal office. The advantages of this rule are that it insures a candidate being well known to the community which he is to administer, and it insures, also, a period of probation for the public service. If a man has been long before the community as a business man, or as a lawyer, or doctor, or teacher, and has won respect for his manner of following these callings, it raises a strong presumption of fitness for the duties of the mayor or common councilman. It is, in other words, so valuable an indication in the selection of candidates that down to our day it has been almost uniformly used in all the great civilized countries. Even in New York it continued in use, except in the case of Fernando Wood, down to 1890. The mayor was invariably, with that exception, a local notable. Even under Tweed, the Mayors Hall and Hoffman were taken from, if not the front rank of the legal profession, at least a very respectable position at the bar. The other mayors of both early and recent times, were well-known merchants or traders of some kind. Even Tammany Hall did not venture to depart from this practice, before 1890. Our two best recent mayors, Mr. Hewitt and Mr. Grace, were Tammany nominees.

In 1890, "the organization" as it is called, attempted the first break in it, by nominating an illiterate and obscure

man, without any regular calling, from its own ranks, and I think, without very great hopes of electing him. But his election was accomplished, through the nomination of a third candidate by the Republicans. It was no sooner done than every intelligent observer perceived that a great step had been taken in the degradation of the city government. The discovery that the election of such a man was possible was really a notice to the criminal and vicious classes that their day at last had come; that, in short, what Tacitus calls the *arcanum imperii* had been revealed to the multitude. Their expectations were fully justified, for the new mayor at once proceeded to fill all the offices which fell vacant during his term with adventurers of the lowest character, hardly one of whom had ever been heard of by the public until his appointment was announced. And so rapid was the decline which followed in the public standard, that this same mayor was re-elected and made many more appointments of the same sort, and was succeeded by another man of the same category, who made worse appointments still, being emboldened by his predecessor's impunity. This was all done, too, with full knowledge of the mayor's powers and amid the denunciations of the press.

This shows, I think, that system is not a defence against gross abuses, but it is a very instructive and educating experiment in government. It shows that nothing can take the place of character in city government, no laws, or checks, or charters, that, in fact, the main difficulty in getting good municipal government is the difficulty of getting good men to take the offices. This is emphatically the difficulty in New York. The main trouble is that the official class is a low class, without either social, business or pecuniary responsibility. The office holders, too, are nearly all banded together, to make the meddling of the better class with the city affairs, difficult, or tiresome, or unprofitable. The police captain of the precinct, the justice of the police court, and the district leader of the Tammany organization are all leagued together

to keep the poor in subjection and prevent the rich from interfering. Their means of annoyance for a poor man are endless. They can arrest him on small pretenses, prevent his getting employment from the city, or city contractors, pursue him for allowing his goods to remain on the sidewalk, and for not cleaning off the snow promptly, tax him heavily, or let him go free. All these means of persecution are freely resorted to, so that the poor, and especially the foreign poor, are really as much in subjection to Tammany as the Italians to the Camorra. The source of it all is the character of the mayor. He appoints the police commissioners, and the commissioners appoint the captains, and he appoints the police justices also, and is responsible for their quality. When the act under which the present justices act was under consideration in the legislature, the proviso that all appointees should be lawyers of a certain standing at the bar, was stricken out, so that the mayor has a completely free hand in selection, and the result is that most of those appointed recently under the Tammany régime are old "toughs," liquor dealers, gamblers, or simple adventurers, who have lived from the age of twenty by holding small offices, such as doorkeepers or clerks of the minor city courts.

Now there is nothing in the moral sphere of city government so important as what I may call the administration of petty justice, that is, justice among the poor, ignorant and friendless, the class who cannot pay lawyers or find bail, and especially that very large class in the cities on our eastern coast, of poor foreigners who know nothing of our laws and institutions, and to whom the police magistrate or the police captain represent the whole government of the country, Federal, State and municipal, who accept without a murmur, any sentence which may be pronounced on them, or any denial of justice which may overtake them. They get all their notions of the national morality, and really their earliest political training, from their contact with these officers and with the district leader. Upon their experience with these

people it depends very much what kind of citizens they will become, they and their children after them. Well, one of the very first lessons they learn is that they can have no standing in court unless they are members of the Tammany Society, or as simple voters, they have a "pull," that is, some sort of occult influence with the magistrate. In default of this these complaints are dismissed, and they are found guilty and sent up to "the Island," or held in bail which they cannot procure, or in some manner worsted. No help comes to them from the publicity of the trials, for the public does not attend the police courts, and the newspapers only report police cases of a sensational kind. In defence of this system, the theory has been lately put forward that the proper magistrates for such people are men of their own kind, that is, saloon keepers, pugilists and quondam "toughs," who have lived among the street poor and know their ways. This might be true if in the knowledge of their ways the magistrate combined character of his own and might be depended on to do justice. But the trouble is that the judicial character is not to be found in the class which lives in the poor city population. Prisoners, paupers, lunatics, poor people and Indians, are entitled above all others to the best morality that society can supply. The notion that any kind of magistrate, jailer or agent is good enough for them, because they are sure not to complain cannot stand with that other and far nobler one which lies or ought to lie, at the foundation of every modern state, that we owe good government to everybody, that nobody can by any sin of commission or omission lose his right to justice. That is really the only really inalienable right. In this field there is no American city which is not very defective. Little or no attention is given by the better class of the public to the qualifications of the police magistracy, and the result is that our police bench is the astonishment of all foreigners who come in contact with it. That of New York is probably the worst of any; every attempt to elevate it has thus far failed. The one now pending,

which would impose on the judges of the Supreme Court the duty of making up an eligible list from among the members of the bar, to which the mayor would be confined in making his appointments, is the most attractive I have yet heard of, but I am afraid its chances in the legislature are small, so firmly wedded are the politicians of both parties to the spoils system, so reluctant are they to have any office surrounded with qualifications.

All these questions I have been discussing become, in a certain sense, magnified by the rapid growth of the city in size. There is under consideration at this moment—in fact it is to be submitted to the popular vote next fall, a project for uniting New York and Brooklyn, the one containing a million and the other two millions of inhabitants. Should this scheme be carried out, which is not unlikely, the city of New York, or Greater New York, as they have already begun to call it, would begin to press close on the heels of London in size, and, if it were not incommoded and restricted by the frontier of New Jersey, at its doors, would, I think, speedily equal London.

As regards this growth of cities in size which promises to be the most remarkable phenomenon of the modern world, it is to be observed that we can as yet see practically no limit to it. It must be remembered that the growth of the cities of the ancient and mediæval world was retarded, by their dependence on the surrounding country for the means of subsistence. Everything they needed had to be brought to them painfully and slowly by horse wagons. They accordingly seldom went far afield for their daily bread. The drafts of Rome on the corn of Sicily were even in the days of her greatest splendor, made very precarious by winds and waves and pirates. The neighboring farmer had to be every city's greatest reliance. It could only grow as fast as he could supply its needs, and the result was that in a thousand years neither Paris nor London ever got beyond one million of population. This is all now changed. Every city since

the introduction of steam and electricity draws on the uttermost ends of the earth for the sustenance of its inhabitants. London gets its beef and wheat from America, and its mutton from Australia, and New York gets its fruits and vegetables from California and Florida. And, as if in recognition of this fact, all the country in the neighborhood of the great cities is in a measure being drained of their farming population by the city. There is a steady stream of rustics into all the large cities, in search of the society, the amusements, and the chances—above all the chances,—which city life affords. Education, cheap literature, and the railroads have apparently made country life increasingly distasteful to all who have risen above the rank of what used to be called peasants, a class which is rapidly disappearing in every country. For this movement I have as yet seen no remedy suggested which does not seem fanciful. Unfortunately nearly all the published reasons for living in the country come from people who themselves live in the city. They preach what they do not practice, and the country people perceive the inconsistency, and reject the advice. I met some time ago in New York an elderly man who had sold a good farm on the Hudson, which had been in his family for two hundred years, to come to New York to take a place as conductor on the Fourth Avenue Railroad. All the influences and agencies which affect public opinion work against country life. The letters of the New York correspondents of the country papers which paint a man's day in the city as a period of fierce excitements, and absorbing entertainments, and the society columns of the New York papers completely turn the rural head. The young men and women long to plunge into this vortex of gaiety, and their dreams have a certain substance given to them by the history which every village boy knows, of the young man who left that very neighborhood a penniless adventurer, and is now a bank president, or the monarch of a great dry goods store.

That this movement is in some respects an evil one, that the country population has been in all free countries the best support of steady and orderly government; is, I think, now a general opinion. There is as much lamentation over it in France and England as here. The legislation in favor of small holdings in England, and the establishment of Parish Councils are meant to counteract it by making the country more attractive to the working classes. But side by side with this attempt to get people to stay in the country, there is a steady addition to the attractions of the city. All parties are now vieing with each other in every country to increase the seductions of city life. The socialists of various shades, and especially the Christian socialists, and in fact all the philanthropists of all schools, are eager to make cities more agreeable to the poor. What with parks, gardens, baths, wash houses, cheap transportation, free music, reading rooms, libraries and clubs, hospitals, lectures, it seems as if the great aim of modern society was to fill the cities. Out of this state of things rises one of the most difficult problems with which the municipal reformer has to deal. To oppose the sanitation and embellishment of our greatest centres of population and of civilization, the places in which most of the work of civilization is done, in which, in truth, all the forward movements of civilization are made, is simply impossible. A city can hardly be made too beautiful or attractive, if the money to do it with is to be had. We must accept as inevitable the growth of our cities in attractiveness as places of abode from all points of view, the philanthropic as well as the æsthetic. It is impossible, too, to meet the arguments of those who say that wherever you have great masses of men congregated together, it is the part of wisdom as well as of charity to make their lot as easy as possible, to care for their health, and for their education in all the civilized arts. I confess, therefore, that I know of only one way of meeting this dilemma and that is to make the government of cities as good as possible, to meet it as the most solemn, the most

difficult, but also the most imperative of all the political duties which our age imposes on the modern man.

Now why is the government of American cities difficult? What the future may have in store for them I do not know, but it is my conviction that if there be any value in the experience of New York, the reason is simply the persistent effort to administer them on party lines. I do not believe that there is any city, this side of the Alleghanies certainly, in which the good people, that is, the sober, intelligent and industrious, who desire pure elections and the honest administration of the laws, are not in a majority. Good government, therefore, is within their easy reach. They have only to stretch out their hands for it in order to have it. Well, why do they not have it? Simply because they never, or only very rarely, vote together. They regularly split in city affairs, and the dangerous classes, the enemies of social order as regularly, do not split. These latter are the only persons who, as a rule, at municipal elections, vote on municipal issues. They are the only persons who in going to the polls at such elections have no object in view except to affect the government of the city. The respectable classes vote about the tariff, about Chile, about Hawaii, about the currency, about everything except the city. The others vote simply about the municipal affairs. Out of this has come, after a long course of years, in New York certainly, the repulsive spectacle which our municipal government now presents, of crime and ignorance installed in nearly every municipal office. The educated and well-to-do have for nearly forty years made a practice of using the city elections, as what are called "straws" or indications of how Federal elections are likely to go, or as a preparation for Federal elections. The Republicans, for instance, have been accustomed for long years to use candidates for the mayoralty simply "to keep the party together," as the phrase is, in readiness for the presidential election. Taking this view of the city government they have of course seen no objections to "deals," with

the dangerous classes touching city offices and measures, as long as these "deals" kept the party in good condition for the quadrennial struggle for the presidency. Time and again, attempts to elect good mayors have been foiled by these tactics, and things have now reached such a point that it is extremely difficult to get any good Democratic candidate to run against a Tammany candidate, so sure does he feel that he would not receive the Republican vote. In 1890, when the city was finally delivered to Tammany, the Republicans refrained by agreement from nominating a candidate in opposition to the reform candidate, but 30,000 of the registered voters stayed away from the polls on election day.

During the war, and perhaps for awhile after the war, this readiness to use the municipality for Federal purposes was perhaps excusable. Federal issues were then tremendous, and any means of setting them right seemed lawful. But the war has been over for nearly thirty years and the practice has not disappeared. The tariff seems almost equal to the war as a stimulus to party passions, and it has with us, largely for some years past taken the place of the war as an obstacle to the consideration of municipal questions on their merits.

If I could look forward to a tariff which nobody would attack and everybody would accept as a finality, I would feel more confident than I do of the solution of the municipal problem through the union of good men in defence of municipal interests. But as long as there is in Federal politics a question so burning as the tariff, one by which so many angry passions are aroused, and around which so many fierce prejudices play freely, I confess I shall fear for the success of what I conceive to be the fundamental remedy for municipal ills. The remedies on which I have hitherto touched, such as the increased power of the mayor, are only secondary.

The only fundamental remedy I can see, is the formation and growth of what I may call the municipal spirit. This

spirit if it ever existed has gone clean out of American political manners. The idea that the city should be set apart from State and Federal politics and governed wholly without reference to them, is now as foreign to the popular mind as the idea of a civil service filled by merit was twenty-five years ago. I remember about that date trying to explain this latter to a United States senator in Washington and after hearing me with a politeness slightly tinged with contempt, his sole observation was—"A Prussian notion, isn't it?" Association of ideas, you know, is as powerful in politics, as in other fields of human activity. It is most human to doubt the possibility of things which we have not seen, or the success of agencies which we have not tried. The Duke of Wellington's famous question, when the Reform Bill was under debate in 1832—"How was the king's government to be carried on?" if the old system was swept away, was a most natural product of the Anglo-Saxon mind. For there is no doubt that in matters of government there may be such a thing as too much imagination, too great readiness for novelties, and this unreadiness for new ideas in politics is a trait of the American mind which I should be sorry to see wholly disappear. But the administration of a city like a bank or an insurance company or a railroad company, in complete independence of party, is a novelty which must be embraced if we are to have anything like permanent reform in city government. At present very few people have any other idea of reform in city affairs than putting their own party in power. I was talking shortly after the late election in Brooklyn, and the triumph of the better element, with one of its citizens about the possibility of the new plan, and he asked me, what to him was a most serious question, namely—On what at elections except on party lines, you could nominate mayors? And I found on further inquiry, that he conceived the nomination of mayors by Republicans and Democrats a permanent feature of city government, and that the way of reform lay in occasional desertions of

Republicans to the Democratic side, and of Democrats to the Republican side. My answer was that he must get out of his head the idea that each of the two parties must make a nomination at every election; that a sound condition of public opinion in a city would make the renomination of a good mayor a certainty, and prevent a contest at any election, except over the question of the candidate's character or business standing. This seems just now a somewhat fantastic picture of municipal life. It belongs strictly to the order of ideas which politicians call visionary, but without it you cannot have any city reform which will not be transient and illusory. There is nothing against it, nothing to make it a vain hope, except custom. It is the way to which all human experience points, as the way of success in corporate undertakings the only way in which the general morality and intelligence of the community can be brought to bear effectively on city business. That there is a reasonable prospect of it, I judge from the increasing interest in questions of municipal government, which is just now greater than I have ever seen it. There is, I think, a growing perception that the present condition of city governments in the United States, is bringing democratic institutions into contempt the world over, and imperiling some of the best things in our civilization.

EDWIN L. GODKIN.

New York City.

THE REFORM OF OUR STATE GOVERNMENTS.

In accordance with the provisions of the Constitution of the State of New York, a convention is to be held in the month of May next, to decide whether any, and if so what amendments shall be recommended for adoption by the people of the State. It is a grave question whether this is the best or even a desirable mode of revision. Such a convention consists of a large body of men without leadership or authoritative guidance of any kind. They are all upon a precisely equal footing, no member being bound to any deference or submission to any body, except to an elected presiding officer as to forms of business, or to the decision of a majority, however that majority may be formed, or by whatever principles of action it may be influenced. The result will be, therefore, that the whole constitution will be thrown into the crucible. Propositions may be made to recast any or every provision in it, the good as well as the bad. There will be no limit to the range of discussion, which will have no light of official administration, and no personal responsibility for results, so that even if the amended constitution, overcoming the complete indifference of the people, should be accepted by them, the only thing to be said of it would be that it exists.

The other mode of amendment offered by the constitution seems much more sensible and practical, that by which any special provision after passing two legislatures is submitted to the people. By this is secured the highly desirable result that no change shall be made, or even considered, till there is a positive demand for it, and that the change, if any, shall be made in the particular point to which the demand applies and in no other. By the requirement of passage through two legislatures, time is given for the bringing forward and

the consideration of arguments *pro* and *con*, and when finally the question is taken to the people, they will vote more intelligently, and with more interest, upon a single definite question than upon the approval of a complex instrument as to which they do not clearly understand what changes have been made or why they should have been made.

Still the convention is to take place and is to be dealt with as a fact, and the practical question is, therefore, how can the best results be obtained from it. The first step is to arrive at a due sense of the importance of the subject. We hear a great deal of the Federal government and of the government of cities; but how little attention is paid to the State governments, which are yet the most important of the three.

Mr. Bryce, in his "American Commonwealth," says:

"An American may, through a long life, never be reminded of the Federal government, except when he votes at Presidential and Congressional elections, lodges a complaint against the post-office, or opens his trunk for a custom house officer on the pier at New York when he returns from a trip in Europe. His direct taxes are paid to officials acting under State laws. The State, or a local authority constituted by State statutes, registers his birth, appoints his guardian, pays for his schooling, gives him a share in the estate of his father deceased, licenses him when he enters a trade (if it be one needing a license), marries him, divorces him, entertains civil actions against him, declares him a bankrupt, hangs him for murder. The police that guard his house, the local boards which look after the poor, control highways, impose water rates, manage schools—all these derive their legal powers from the State alone. Looking at this immense compass of State functions, Jefferson would seem to have been not far wrong, when he said that the Federal government was nothing more than the American department of foreign affairs."

Hon. Seth Low in an address upon municipal government has pointed out that it depends almost wholly upon that of the State. The State has power to grant a city charter, to modify it or take it away. It can enlarge or contract at its pleasure the power of the local authorities. It can constitute and organize them, within the lines of the constitution, as

it sees fit. It can make these authorities elective by the people, or appointed from the State Capitol, consisting of single individuals, or working by boards and commissions.

In his last message to the Legislature, Governor Flower said:

"Under our present system of conveying municipal powers by legislative charter, the Legislature must always determine both the extent of those powers and their nature. Any changes in these respects must come by charter amendment or by special statute—but it must come through the Legislature. Some charters confer greater powers upon municipalities than others, but all spring from the same source, and any changes, good or bad, must come from the same source. This system throws great responsibility upon the Legislature."

In the *Atlantic Monthly* for February, 1894, is an article by Mr. Henry Childs Merwin upon the Tammany government of New York. In it he says:

"The city of New York is controlled very largely by the State Legislature. . . . The State Legislature then and not the aldermen constitutes the real legislative body of the city. . . . Even for the laying out of a new street recourse must be had to Albany. . . . Last year Tammany had a majority both in the Assembly and the Senate, and this very much simplified Mr. Croker's task in directing legislation. He was able to pass or reject bills by telephone."

On all sides are springing up associations for the reforming of city government, and the recent meeting of the Municipal League in Philadelphia was an appeal for concert of action throughout the United States, yet what word do we hear of any effort to reform State government,* or any preparation for so important an event as a convention which is to consider the whole subject of the Constitution of the State of New York?

For many reasons, the State governments do not attract so much attention as those either of cities or the nation. They do not occupy such a position in the eyes of the world as that at Washington. On the other hand their very light burden of taxation is much less felt than the heavier one of the cities. The objects of State administration are more

[* Cf. Professor Patten's "Decay of State and Local Government."—*ANNALS*, Vol. I, p. 26, July, 1890.—EDITORS.]

widely scattered and less visible. The electorate is better, not merely because it includes the country districts, but because the larger the voting area, the freer will be the result from personal jobbing and intrigue. The Legislature sits but for a portion of the year, and, under the present system of committee government, out of sight and mostly out of mind of its constituents. But apart from these and similar considerations, and taking as an example the government of Massachusetts, with which the present writer is more familiar, he believes that its working organization is decidedly worse than that of the city of Boston, and he has a strong impression that the same is true of the other States and cities of the United States.

If there is one lesson to be drawn from the history of popular government in the last hundred years, it is of the danger arising from the preponderance in power of legislative bodies. It is to be remembered that government representative of universal suffrage never existed in the world till this century. It is as purely a modern discovery as the use of electricity and steam, and the machinery for working it was just as little known. Already the Long Parliament in England gave a foretaste of what was impending when it came to its end through the military rule of Cromwell. The anarchy of the legislative assemblies which undertook to govern after the downfall of the old French monarchy, led first to the despotism of the Committee of Public Safety, and then to that of Napoleon. After three-quarters of a century of preponderant executive power, the third republic has held its own longer than any government since the first revolution, but it is drifting to almost visible shipwreck from the weakness of executive power and the predominance of a legislature split into factions and torn by anarchy.

The danger was clearly enough perceived a century ago. Madison said in the convention of 1787: "Experience proves a tendency in our governments to throw all power into the legislative vortex. The executives of the States are little

more than ciphers; the legislatures are omnipotent. If no effectual check can be devised on the encroachments of the latter, a revolution will be inevitable," and again: "The tendency of republican governments is to aggrandize the legislature at the expense of the other departments." So, in the *Federalist*, speaking of the State constitutions, he says: "The legislative department is everywhere extending the sphere of its activity and drawing all power into its impetuous vortex. . . . The founders of our republic seem never to have recollected the danger from legislative usurpations, which, by assembling all power in the same hands, must lead to the same tyranny as is threatened by executive usurpations." And he quotes from Jefferson's "Notes on Virginia" the following passage relative to the same defects in the Virginia constitution: "All the powers of the government—legislative, executive and judiciary—result to the same legislative body. The concentrating these in the same hands is precisely the definition of despotic government. It will be no alleviation that these powers will be exercised by a plurality of hands and not by a single one." So in the convention of 1787 "Wilson, of Pennsylvania, was most apprehensive that the legislature, by swallowing up all the other powers, would lead to a dissolution of the government; no adequate self-defensive power having been granted either to the executive or the judicial departments."

Judge Story says: "There is a natural tendency in the legislative department to intrude upon the rights and absorb the powers of the other departments of the government. A mere parchment delineation of the boundaries of each is wholly insufficient for the protection of the weaker branch, as the executive unquestionably is, and hence there arises a constitutional necessity of arming it with powers for its own defence." And Smyth in his lectures on modern history, written in 1811, from an English standpoint, says: "If there results to America a grand calamity and failure of the whole, it can only accrue from the friends of liberty not venturing

to render the executive power sufficiently effective—the common mistake of all popular governments.”

“The legislature,” says Bancroft in his “United States,” “was the centre of the system. The governor had no power to dissolve it or either branch. In most of the States all important civil and military officers were elected by the legislature. The scanty power intrusted to the governor, wherever his power was more than a shadow, was still further restrained by an executive council. Where the governor had the nomination of officers, they could be commissioned only by consent of the council.”* Of this antiquated instrument for emasculation of the executive, I believe that Massachusetts can boast, with two exceptions, the only surviving example. We may conclude this evidence with a quotation from Bagehot’s “English Constitution:” “A legislative chamber is greedy and covetous; it acquires as much, it concedes as little as possible. The passions of its members are its rulers; the law-making faculty, the most comprehensive of the imperial faculties is its instrument; it will take the administration if it can take it.”

Not only has the century since elapsed fully justified all these predictions, but it has developed the inability, which was not then so obvious, of the legislatures, after they have seized the reins of government, to carry it on. It has shown that these large bodies of men, without discipline and without leaders, have almost no capacity for good, but unbounded for evil; that, however high may be the character of the individual members, the body as a whole falls, first into weakness, then into anarchy and then into corruption; that it becomes a prey to faction and intrigue, that good men are more reluctant and bad men more eager to enter it. This part of the subject cannot be summed up better than by a reference to the remarkable work of Professor Woodrow

* I am indebted for these quotations to a pamphlet upon “American Constitutions,” by Horace Davis, of San Francisco, published by the Johns Hopkins University in 1885.

Wilson on "Congressional Government," which, though written only for the condition of things at Washington, is just as applicable to the forty-four States, because the evil in them is precisely the same in kind, and even exaggerated in degree, the predominance of the legislature.

That the people throughout the country have come to distrust and fear the legislatures is evident from the tendency of constitution making and amendment, which is steadily toward restricting the powers of the legislatures. According to the pamphlet of Mr. Davis, already referred to, out of thirty-eight State constitutions in 1885, twenty-five allowed the legislature to come together only in every other year; eighteen limited the length of the session to periods varying from forty to ninety days;* in eleven, the legislature in special sessions could take up only the subjects named in the call; twenty-five required that all bills should be read on three separate days; in twenty-seven, bills must contain only one subject, expressed in the title; six prohibited general or salary bills from containing anything else; twenty-three prohibited amendment of any act by title, the full text must be quoted; nineteen required that all bills must be passed by a majority of the members elected, voting by ayes and noes; thirty embodied in their constitutions provisions forbidding special legislation, twenty totally and ten partially. But such attempts must fail to effect any permanent or adequate reform, much for the same reason that it is useless to try to repair a leaking dam by plastering it from the outside.

The same tendency is shown in efforts to improve the character of the legislatures. Such are minority and proportional

* It is singular that in Europe the constitutional tendency is to fix a *minimum* and not a *maximum* for the length of legislative sessions. Thus in France it must be not less than five months; in Sweden four months, unless the popular Chamber votes to adjourn earlier; in Portugal, not less than three months, and the same in Japan; in Belgium forty days; in the Netherlands twenty days. This is, of course, a guarantee against executive power. In Denmark, however, the guarantee is taken against the Legislature and not against the Executive, the former being forbidden to remain in session longer than two months without the consent of the King. See "*Traité de Droit électoral et parlementaire*," by Eugène Peirre, Sec. 497.

representation, compulsory voting, female suffrage, acts to prevent bribery and corruption, urgent appeals to the voters to attend the primaries, better education of the people, and so on. But these, again, cannot reach the want, because the main difficulty is not in the composition of the legislatures, but in their usurpation of executive power, and the fatal effects upon their character of their attempts to wield it. A notable instance of this appears in the so-called Australian ballot, which it is hardly an exaggeration to speak of as one of the best general political measures introduced since the adoption of the constitution. It has done wonders for the purity of elections, but it has not in the slightest degree affected the inability of the legislatures to take the place of the executive power, which yet they insist upon doing.

The real remedy is to draw the line clearly between executive and legislative power, to assign to each branch that which properly belongs to it and to secure each from encroachment by the other, by giving to both equal opportunities of defending their rights before that which, in this country, we regard as the final tribunal, the people. So far as my knowledge goes, no positive attempt in this direction has ever been made in any State government. The nearest approach to it is in allowing the governor to veto items of appropriation bills instead of limiting his veto to the whole. The same thing cannot, however, be said of the cities. There the heavy hand of necessity has compelled the inhabitants to look somewhat more closely into the facts with which they have to deal. It is not only an interesting fact, but a great simplification of the problem of government, that the difficulty in the cities is precisely the same as with the States and the nation, the usurpation by the legislature, which is nearly enough represented by the council or board of aldermen, of executive power, and the consequent weakness and want of responsibility in administration.

The drift of public opinion is, therefore, decidedly, if cautiously and timidly, toward the increase of executive

power. The greatest progress has been made in New York and Brooklyn, and notably in the latter, by giving to the mayor the full power of appointment to office, without confirmation by the aldermen, and by establishing single headed departments in the place of boards or commissions. The danger seems now of erring in the other direction, and of failing to guard this increase of power by a corresponding increase of responsibility. Hon. Seth Low, the greatly respected ex-mayor of Brooklyn, has stated in a public address that the functions of the board of aldermen have been gradually reduced till there is hardly anything left for them to do. This may be said to be a serious political mistake, because the action of a legislature is just as important as that of the executive, and almost as necessary for guarding against abuse of power.

Here we are confronted by the question, What is executive and what legislative power? All our political doctrines are based upon the separation of powers, but it is difficult to point to any line drawn between them. Thus the Constitution of Massachusetts says with great emphasis:

ARTICLE XXX. In the government of this commonwealth, the legislative department shall never exercise the executive and judicial powers or either of them: the executive shall never exercise the legislative and judicial powers or either of them: the judicial shall never exercise the legislative and executive powers or either of them: to the end that it may be a government of laws and not of men.

Yet it nowhere lays down any working definition of the powers as to which it is so solemn in its injunctions. The division is, therefore, practically left to the legislature, which does not fail, in accordance with the principles above indicated, to appropriate the lion's share. The people see and know but very little of the governor, who never addresses them directly, unless in the formal speeches of occasions of ceremony; and they see still less of the judiciary. It is the legislature which fills the public eye, and poses as the guide, philosopher and friend. As we have seen, a legislature is

always disposed to take possession of the government. We find further, that every opportunity is given to it for doing so. That it has done so, in every case, with the exception of the cities mentioned, is the gravest political fact with which the country has to deal.

Without any ambitious pretence of settling principles of jurisprudence, we may be permitted, for the purposes of this paper, to establish boundaries of the two powers. The first business of the executive is to carry on the government, to attend to the administration of police, roads, schools, charities, prisons, etc., and to be responsible for it. There will probably be no dispute about that. It is for the legislature to make the law, for the judiciary to interpret it, and for the executive to carry it into effect. But that this may be done it is necessary that whatever laws are made should be adapted to their purpose. If they are contradictory to each other, or omit necessary provisions, they cannot be administered at all. If they are framed with a view to private interest, or with any other purpose than promoting the public welfare, then the executive will fail in its duty of attending to that welfare.

In every business enterprise of private life, the agent who is to carry it on expects to make his own rules subject to the approval of his owners, or if he accepts their rules, to ask for such amendment as he thinks necessary. No directors or owners would think of making rules, unless such as were established and tested by long experience, without the intervention of the manager. The guidance and the conduct of legislation is therefore just as much executive work as administration itself. It is the part of the executive to submit such projects of law as it thinks to be necessary for the conduct of administration, and to ask at once for the law and the means of administering it. It is for the legislature to discuss and accept or reject those laws and to grant or refuse the money which they involve. Under our present methods, not only is the executive excluded from proposing

laws at all, but the power is open to every individual member of the legislature, and any one of 200 or 300 men can, if he pleases, propose as many laws on as many different subjects. It is evident, therefore, if we take only one point of view, that such laws will not be adapted to the wants of administration, in which members are not directly interested, and for which they are not at all responsible, but to meet the pressure of private and local interests among their constituents. And this brings us to a very delicate question. By the vast mass of our people the executive veto is regarded as the palladium of our liberties, and to question its value is like questioning the authority of Scripture to a Calvinist of the strictest type. And yet, if one thinks of it, does it not seem the height of absurdity that the head of a complex administration should have no power with regard to rules except to say what he does *not* want? That he should be obliged to wait until 200 or 300 men, under pressure of a great many powerful motives besides the wants of administration, can agree as to what they would like, and then be limited to saying whether or not it will meet the public necessity, his objection being after all of no avail, if an increased proportion of the body insists upon forcing its will upon him? It is often remarked that the veto in Great Britain has never been exerted since the reign of Queen Anne. In fact the veto is applied more or less, every year, not indeed by the executive, but by parliament to which it properly belongs. At least in measures of public interest, the initiative of legislation should be entirely with the executive, and not with members of the legislature. This does not imply any increase of power in the former, as no measure could be passed and no money appropriated without full discussion and explained vote of the legislature, in fact to a much greater degree than now; nor would anything prevent members either singly or by majority from urging the executive to bring forward measures upon any particular subject. What it would prevent would be the bringing forward any

number of measures upon any number of subjects, all at the same time, with no official precedence among them, and of which the fate must depend upon compromise, lobbying and intrigue.

Another element in the defence of executive power against encroachments of the legislature is due subordination and discipline in the ranks of administration. In New York, by the constitution of 1877, as in Massachusetts, the chief officers of the State, the secretary of State, the comptroller, the treasurer and the attorney-general are elected by the people, separately from the governor. He has, therefore, no control over them, as they have none over each other. Administration under such conditions is simply impossible. There is a general conviction that this separate election by the people is the true democratic method. If, by that phrase, we mean giving effect to the will of the people and securing good government for them, nothing can be more undemocratic. What it really does, is to secure the perquisites of office for active politicians, to make the executive offices subject to the same conditions as seats in the legislature, regardless of the effect upon administration, and to make the executive officials the obedient instruments of party managers in the legislature; which, indeed, is in the eyes of that body the true democratic theory of government. In a really democratic system there should be one executive head, with every subordinate appointed by and responsible to him, so that the people can approve or reject, can maintain or change the results of administration by simply changing the head. The deadlock of administration, resulting from separate elective offices, has been met in a curious way; to some extent in nearly all the States, but in none, perhaps, so much as in Massachusetts. The legislature has proceeded to set up a number of commissions, and in defiance of the constitution to hand over to them the whole of the executive government except that portion which it has thought fit itself to retain. Notwithstanding the supposed democratic importance of separate election, these

commissions are filled by the appointment of the governor, though to neutralize this terrible power and to keep the firm political grip upon them, both appointments and removals are made subject to confirmation by a majority of the senate, or in Massachusetts, of the executive council, as thoroughly a political body as the legislature itself. Moreover, these commissions are renewable by one member each year, so that in case of those having five or more members, no governor has ever appointed more than a bare majority and that after two or three years of office. All their methods and duties are prescribed by the legislature, so that the governor has really no more control over them than over the other State officers. They are impersonal, act in secret and are responsible neither to the governor, nor the legislature, nor the people, about as undemocratic a system as it is possible to imagine, its one merit in the eyes of the legislature being, that it is beyond any independent control by the executive, while perfectly available as an instrument for political purposes by the legislature. It must be confessed that the evil of a bad system has been in the past largely corrected by placing the commissions in the hands of men of the highest character, who, without pay, without hope of gaining even reputation, have devoted themselves to the public service from a pure sense of duty. As the system has been developed, however, salaries have become attached to the places, while, as they are shielded from all responsibility, they can easily be used for illicit gain. For both reasons they are becoming an object of ambition to political workers, and as fast as these establish a foothold they will drive out the better class, who will, indeed, work hard for the public service without reward, but who will not bear the taint of evil deeds, which they cannot prevent, and of which they must be the accomplices. As Hon. Seth Low has truly said, "State commissions for any other purposes than enquiry are the most dangerous of bodies because they exercise authority without responsibility."

In these two respects the federal administration stands out sharply against those of the States and cities, in having one man in every place, and all appointed, down to the lowest position, directly from the president, who is the single member of the whole system holding his office by popular election. Two defects are, however, common to it with those of the States and cities, the confirmation of executive appointments by some legislative authority, and the exclusion of the executive from any voice in legislation. Almost equal to the reverence for the veto is the tenacity with which our people cling to the idea of confirmation of the appointments made by the president, governor or mayor by the senate, council or aldermen. Yet, so far from being a security for good administration, it is almost certainly fatal to it. It deprives the executive at once of control over administration and of responsibility for it. It converts the legislature from critics of the executive power and from enforcing responsibility, into sharers of that power and diffusing and weakening responsibility. It compels the executive to make appointments, not with a view to the wants of government, but to those of members and the most influential of their constituents. It is the heaviest of all obstacles to civil service reform, as will readily appear from a review of the recent history of the United States Senate. As has been remarked, the greatest forward step which has been made, not only in city government, but in any government in this country since the adoption of the Federal constitution, was made in Brooklyn in 1880, when the full power of appointment was given to the mayor, without confirmation by anybody. This example was followed in New York in 1884, these two being the only instances, within my knowledge, throughout the whole United States; while even here the power of removal, which seems to be its necessary complement, was jealously withheld. No doubt, bad mayors have still been chosen in both cities, but it has been made much more clear who were good and who bad mayors, and has brought the responsibility

home to the people, except so far as other defects of organization have still obscured the problem. Moreover, it has made good mayors possible, which they were not when the best men were powerless to control administration, and must stand condemned before the whole city for bad government, which they were wholly unable to prevent. The removal of such a restriction is quite as important for the States as for the cities.

The most important of all the means of readjusting the balance between the powers is to give to the executive the same opportunity of pleading his cause and defending his rights before the people that the legislature has.

On the fourth of February, 1881, a committee of eight members of the United States unanimously recommended a bill as follows:

"That the Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Attorney-General, and the Postmaster-General shall be entitled to occupy seats on the floor of the Senate and House of Representatives, with the right to participate in debate on matters relating to the business of their respective departments, under such rules as may be prescribed by the Senate and House respectively.

"SEC. 2. That the said secretaries, the Attorney-General, and the Postmaster-General shall attend the sessions of the Senate on the opening of the sittings on Tuesday and Friday of each week, and the sessions of the House of Representatives on the opening of the sittings on Monday and Thursday of each week, to give information asked by resolution, or in reply to questions which may be propounded to them under the rules of the Senate and House; and the Senate and House may, by standing orders, dispense with the attendance of one or more of said officers on either of said days.

"The first section provides for a voluntary attendance, to take part in debate. The second section provides for a compulsory attendance, to give information. In order to carry into effect the second section, rules somewhat like the following should be adopted by each House, *mutatis mutandis*:

"That the secretary of the Senate shall keep a notice-book, in which he shall enter, at the request of any member, any resolution requiring information from any of the executive departments, or any question

intended to be propounded to any of the secretaries, or the Postmaster-General, or the Attorney-General, relating to public affairs or to the business pending before the Senate, together with the name of the member and the day when the same will be called up.

"The member giving notice of such resolution or question shall, at the same time, give notice that the same shall be called up in the Senate on the following Tuesday or Friday: *Provided*, That no such resolution or question shall be called up, except by a unanimous consent, within less than three days after notice shall have been given.

"The secretary of the Senate shall, on the same day on which notice is entered, transmit to the principal officer of the proper department a copy of the resolution or question, together with the name of the member proposing the same, and of the day when it will be called up in the Senate.

"In the Senate, on Tuesday and Friday of each week, before any other business shall be taken up, except by unanimous consent, the resolutions and questions shall be taken up in the order in which they have been entered upon the notice-book for that day.

"The member offering a resolution may state succinctly the object and scope of his resolution and the reasons for desiring the information, and the secretary of the proper department may reply, giving the information or the reasons why the same should be withheld, and then the Senate shall vote on the resolution, unless it shall be withdrawn or postponed.

"In putting any question to the secretaries, or the Attorney-General, or Postmaster-General, no argument or opinion is to be offered, nor any fact stated, except so far as may be necessary to explain such question; and, in answering such question, the secretary, the Attorney-General, or Postmaster-General shall not debate the matter to which the same refers, nor state facts or opinions other than those necessary to explain the answer."

"These rules relate only to the execution of the last section of the bill—to giving information—to putting and answering questions. They in no wise affect the debate permitted and invited by the first section. They have been framed after a most careful examination of the rules and modes of procedure of the British Parliament and French Assembly, and are believed to contain the best provisions of both. They are framed to accomplish the purpose of obtaining the needed information with the least interference with the other duties of the heads of departments. No question can be called up unless after three days' notice to the secretaries; and the answers are limited to the specific points of the question, in order that accuracy may be attained. These rules may be amended as experience shall show their defects.

"The bill confers a privilege and imposes a duty on the heads of departments. The privilege is to give their suggestions and advice in debate, by word of mouth; the duty is to give information orally and face to face."

The limit of space will not admit of discussing this measure in detail. Those interested will find the arguments set forth in two papers* published by the American Academy of Political and Social Science. It may be here remarked that the principle is just as important in the State or city as in the national government, and that the main obstacle to its adoption in all these cases consists in the tenacious grasp of the legislature upon executive power, which is quietly acquiesced in by the people.

One more false principle remains to be noticed, as fatal in the long run to good government of any kind, the deciding of elections by a plurality of votes. The New York constitution expressly provides, in the case of the governor and lieutenant-governor, that the person having the highest number of votes shall be elected, but as to all other elective offices it leaves the question to be settled by implication or by statute. In Massachusetts, the general principle was established at one fell stroke. Up to 1854, all the elective State offices, with one or two possible exceptions, required a majority of all the votes cast. By the vote of two legislatures in 1854 and 1855 and the ratification of the people on May 23, 1855, was passed

ARTICLE XIV. In all elections of civil officers by the people of this commonwealth, whose election is provided for by the constitution, the person having the highest number of votes shall be deemed and be declared to be elected.

No longer single step downward was ever taken in the politics of the State; and it is a crucial illustration how dangerous is legislation which is not subjected to the stringent and public criticism of the executive branch which is responsible for administration. The very basis of popular government or of democracy is that the majority shall govern. To

* Publication No. 37, "Congress and the Cabinet," and Publication No. 106, "Congress and the Cabinet—II."

say that the largest of any given number of fractions shall govern is a very different thing. The superiority of the English parliamentary system over all others in Europe is precisely in this, that it has consisted of two organized and disciplined parties, whether Whigs and Tories or Conservatives and Liberals. The recent disintegration of party lines has, perhaps, caused more alarm there than any other symptom. It is admitted that the greatest difficulty with the chambers of the continent is the multitude of groups, dividing and coalescing upon the passions of the moment, but refusing to work together upon any general principle and thus making government almost impossible. Government in this country has been made possible only by placing over against the perennial Democrats a solid body, first, of Federalists, then of Whigs and lastly of Republicans. The same necessity has carried these distinctions, otherwise totally absurd, into the politics of States and cities. Instead of a combining, election by plurality is distinctly a disintegrating force. It leads every theorist who has a pet idea, female suffrage, prohibition, eight hour laws and so on, to work away in creating a new fraction in the hope that it may in time outnumber any other. It leads every rascal to work in multiplying fractions that the proportion of any one to his own may be diminished. It permits any citizen who does not fancy either of the great parties to throw away his vote upon some particular idea which strikes him as praiseworthy, without incurring the reproach of abstention. There is a great deal of talk about minority representation. Under the plurality system there is a good chance that minorities *only* may be represented. It is as necessary in a democracy as in an army, that the members should be taught that they must pull together, and the way to do this is to require a clear majority of votes at every election. The means of obtaining this is the simplest in the world, and is practiced constantly in Europe. Every undecided election is followed in a few days by a second ballot between the two highest on the previous list, when a majority

must result. The people would soon learn that they only give themselves extra trouble by scattering their votes. It is evident that this method of settling an undecided election is very different from that provided in Art. IV, Sec. 3, of the New York constitution, as to which indeed it may be thought that elections by plurality are still preferable.

In suggesting amendments to the New York constitution, only those will be indicated which are calculated to carry out the principles above laid down, and without making any distinction, which is yet sufficiently obvious, between those which might offer a possible hope of acceptance and those which in the present state of the public mind are quite beyond such a contingency. The first would be the expunging of the words in Art. IV, Sec. 3, above referred to: "The persons respectively having the highest number of votes for governor or lieutenant-governor shall be elected," and the substitution for it in its proper place of another section the exact reverse of that in the Massachusetts constitution:

In all elections of civil officers by the people, the person having a majority of the votes cast shall be declared elected; undecided elections to be settled by a second ballot within days thereafter, between the two candidates having the highest number of votes at the first.

2. The Secretary of State, Comptroller, Treasurer and Attorney-General; also a State Engineer and Surveyor, a Superintendent of Public Works and a Superintendent of State Prisons shall be appointed by the Governor, and shall hold office during his term, unless sooner removed by him. The words "by and with the advice and consent of the senate" shall be expunged wherever they appear.

3. The Secretary of State, Comptroller, Treasurer and Attorney-General shall have the right and duty of attending the sessions on different days of the week, both of the House and the Senate, under rules to be agreed upon between the two branches, and to take part in debate relating to their

respective departments, and answer questions and give information in relation to the same; the same right and duty shall be extended to any other executive officials upon the address of the two Houses accepted by the Governor. The Governor shall himself also have the right of attendance with his subordinates and of taking part in the debate, but shall not be held to answer questions, which shall be addressed directly only to the heads of departments.

It is to be observed that this personal responsibility of the chief officials to direct cross-examination by individual members is a far greater check and security for the character of the governor's appointments than confirmation by the vote of the Senate can possibly furnish.

4. All proposals for financial legislation, whether of revenue or expenditure, shall proceed from the State Treasurer, as the agent of executive administration. Acting in concert with the other departments, he shall prepare an annual budget of receipts and expenses in detail for the financial year ending _____ and shall place the same upon the table of the Assembly on or before the _____ day of _____

The Assembly may decrease, but not increase, any item of expenditure or taxation without the consent of the executive. No member shall propose any definite measure of expenditure or revenue, but either the Assembly or the Senate may, either in the discussion of the budget, or at any time during the year, pass a resolution requesting the Governor to bring forward a provision for a specified item of revenue or expenditure, and if such resolution shall be passed by both Houses, it shall be the duty of the executive to carry out the same; provided that the executive may still demand a reconsideration, after which, if the resolution is reaffirmed by two-thirds of both Houses, it shall be mandatory and final.

It will be observed that this regulation in no way diminishes the ultimate control of the finances by the legislature or increases that by the executive; it merely secures the treatment of finance as a whole and that it shall not be dis-

ordered by all sorts of proposals, coming from any members, and passed by the body without due consideration or reference to other financial conditions. The executive is a unit and represents the whole State. Members are many and represent only fractions of the State. Finance to be sound must be treated as a whole and protected from isolated and disconnected attack. While the final decision must rest with the legislature, the side of the whole public interest should be strongly presented, and the body compelled to act, if at all, under the clearly defined responsibility of its members.

Inasmuch as by the second, third and fourth amendments here proposed the unity, the strength and the responsibility of the regular executive administration, which are now almost wholly wanting, would be restored, the government by commissions might be left at least for the present to fall into disuse. There appears to be no need for a constitutional prohibition, any more than there now is for a corresponding establishment of them.

The parts of the Constitution which would need modification, to meet these requirements, appear to be, apart from those already noticed, Article I, Section 9; Article III, Section 13 and Section 19; Article IV, Section 9; Article V, Section 7.

No reference has been here made to the delicate and vexed question of the judiciary, because the present paper attempts to deal only with the relations of the executive and the legislature: and none also to the organization of the counties, because, though the numerous and separate elections appear to violate the principles herein laid down, yet they constitute a system of local government so different from the town meeting of Massachusetts that the present writer cannot venture to touch upon it.

GAMALIEL BRADFORD.

Boston.

A DECADE OF MORTGAGES.

What is the condition of the people of the United States in regard to real estate mortgage indebtedness and what does this indebtedness mean? After an alarm and an agitation of several years, the Census Office now prepares us to answer the question, if not conclusively and finally, yet from many points of view and with the assurance that the subject is much better understood than ever before.

In its aggregate amount the real estate mortgage debt of the whole country has reached a stupendous figure. This debt, at the beginning of 1890, was more than \$6,000,000,000. In this amount the mortgage debts of quasi-public corporations, such as railroad companies, are not included, so that only the mortgage debts of individuals and strictly private corporations are represented. The quasi-public corporations of the United States owed a mortgage debt of about \$5,000,000,000 in 1890, most of this amount being composed of actual returns made to the Census Office. If the real estate mortgage debts of individuals and all private and quasi-public corporations are combined, they make a total of about \$11,000,000,000, which is more than one-sixth of the wealth of the country, and about three-tenths of its taxed real estate value. What is regarded as the private real estate mortgage debt, which does not include that of quasi-public corporations, is about one-eleventh of the nation's wealth and about one-sixth of the value of all of the taxed real estate owned by individuals and strictly private corporations. To this debt it is intended to confine the remainder of this paper.

The results of the census investigation of mortgages are at hand for thirty-three States, owing about five-sixths of the mortgage debt of the country, and in detail their debt January 1, 1890, is exhibited in the following table:

EXISTING REAL ESTATE MORTGAGE DEBT OF THIRTY-THREE STATES, JANUARY 1, 1890.

STATES.	TOTAL.	ON ACRES.	ON LOTS.
Total for 33 States	\$4,935,455,896	\$1,686,272,279	\$3,249,183,617
Alabama	39,027,983	28,762,387	10,265,596
Arizona	2,348,519	1,580,301	768,218
Arkansas	14,366,595	9,051,117	5,315,478
California	241,050,181	120,890,877	120,159,304
Colorado	85,058,793	30,195,056	54,863,737
Connecticut . . .	79,921,071	13,176,736	66,744,335
Delaware	16,122,696	5,649,705	10,472,991
Dist. of Columbia	51,986,589	2,226,277	49,760,312
Florida	15,505,119	10,629,142	4,875,977
Georgia	27,387,590	16,969,687	10,417,903
Idaho	3,167,249	2,811,130	356,119
Illinois	384,299,150	165,289,112	219,010,038
Indiana	110,730,643	74,553,217	36,177,426
Iowa	199,774,171	149,457,144	50,317,027
Kansas	243,146,826	174,720,071	68,426,755
Maine	32,627,208	14,150,646	18,476,562
Massachusetts . .	323,277,668	42,441,247	280,836,421
Minnesota	197,745,989	75,355,562	122,390,427
Missouri	214,609,772	101,718,625	112,891,147
Montana	8,729,907	5,094,329	3,635,578
Nebraska	132,902,322	90,506,968	42,395,354
Nevada	2,194,995	1,836,655	358,340
New Hampshire . .	18,968,259	9,430,540	9,537,719
New Mexico	6,644,673	5,839,416	805,257
New York	1,607,874,301	217,813,055	1,390,061,246
Oregon	22,928,437	15,983,361	6,945,076
Pennsylvania . . .	613,105,802	172,037,488	441,068,314
Rhode Island . . .	36,778,243	5,262,243	31,516,000
Tennessee	40,421,396	16,425,144	23,996,252
Utah	8,040,829	2,426,018	5,614,811
Vermont	27,907,687	19,439,988	8,467,699
Wisconsin	121,838,168	81,535,361	40,302,807
Wyoming	4,967,065	3,013,674	1,953,391

A classification of real estate as acre tracts and lots is the only feasible one in this great statistical undertaking. The

entire farm debt is included in that which incumbers acre tracts and so is the debt that incumbers wood land that is not embraced in farm area, suburban tracts having speculative values and not subdivided into lots, and other land holdings commonly measured in acres, except tracts of less than five acres having considerably more than agricultural values. Notwithstanding unavoidable defects of classification, the foregoing table shows the influence of business and urban growth on the mortgage debt of the country. In Illinois, fifty-seven per cent of the debt incumbers lots; in Massachusetts, eighty-seven per cent; in Minnesota, sixty-two per cent; in Missouri, fifty-three per cent; in New York, eighty-six per cent, and in the thirty-three States, sixty-six per cent.

Mortgage debt is limited by real estate values and may expand with them. This expansion of values follows density of population, the increase of net incomes from land, of individual incomes from other sources, and the growth of improvements, chief among which are buildings and railroads. The essential characteristic of the mortgage is its security; its amount is not permitted to equal the value of the real estate that it covers, and the value is generally much more than the debt; but, while this limits per capita ratios in one direction, they may grow in another direction until all real estate is covered by incumbrance.

The high per capita mortgage debt of some States and of cities is thus explained, or, at any rate, its possibility is explained. Doubtless the speculative buying of city lots, both improved and unimproved, contributes its influence, but the net income derived or derivable from real estate, in relation to the prevailing rate of interest, ultimately determines its value and consequently the extent to which it may be mortgaged. Another secondary influence on per capita ratios of mortgage debt is the buying and mortgaging of real estate by non-residents, especially when they buy for speculation;

a certain city in Kansas and one in California might be named as illustrations.

Among the thirty-three States included in the preceding table, New York has the highest per capita mortgage debt; namely, \$268; the District of Columbia has \$226; Colorado, \$206; California, \$200; and Kansas, \$170. The lower ratios are found in the South, where Arkansas has a per capita mortgage debt of \$13; Georgia, \$15; Tennessee, \$23; and Alabama, \$26. The average per capita debt of the thirty-three States is \$118. In New York City the mortgage debt is \$554 per capita; in Philadelphia, \$171; in Cook County, Ill., containing Chicago, \$161; in Jackson County, Mo., containing Kansas City, \$445; in Suffolk County, Mass., containing Boston, \$255. In all large cities the ratios are greater than they are in the States in which they are situated. But, without further examination, per capita ratios are meaningless, if they do not give a false impression of the weight of the debt burden, and it will not do to refer to them as decisive measures of the burden.

There is a point, not definitely determinable, at which real estate reaches its practicable limit of debt burden, or, to borrow a meteorological term, its point of debt saturation. The probable place of this point is indicated by the census figures. In twenty-two States, containing twenty-nine per cent of the families of the United States, the Census Office reports that the incumbered homes (not including farms) that are occupied by owners have a debt that is forty-one per cent of their value; farms, thirty-five per cent; total of farms and homes, thirty-eight per cent. Suburban land and improved real estate used for business purposes are regarded as among the best of real estate securities, and very possibly are more heavily incumbered than farms and homes. So it would seem that the debt on all descriptions of mortgaged real estate must be as much as forty to forty-five per cent of its value. But this debt remains after the partial payments

have been made, and it has been established that these amount to thirteen per cent of the original amount of the debt, or, to about six per cent of the value of the security, and this six per cent must be added to the foregoing forty to forty-five per cent to indicate the actually tested debt-bearing capacity of real estate. Yet it is known that a large proportion of the mortgage debtors do not obtain as large a credit as the values of their mortgaged real estate permit them to do. With an allowance for this, it is believed that real estate may be made to bear an incumbrance that is two-thirds of its value, without increasing the rate of interest to cover risk.

How nearly real estate mortgage debt has reached the limit of debt burden may now be determined. In the thirty-three States, several times referred to, the debt is nineteen per cent of the value of all taxed real estate, and this value, as already explained, will stand a debt that is two-thirds of itself. Hence, twenty-eight per cent of the debt-bearing capacity of this real estate has been reached.

With regard to the mortgages on acre tracts, in twenty-seven of the thirty-three States it has been ascertained that thirty-two per cent of the taxed acres are covered by mortgage, and that in twenty of these States the debt represented by these mortgages is fifteen per cent of the value of all taxed acres, or twenty-two per cent of their debt-bearing capacity, if two-thirds of their value may be accepted as the limit of their incumbrance. In four of the thirty-three States it is known that twenty-four per cent of the taxed lots are mortgaged; in twenty States the debt on lots is sixteen per cent of the value of the entire number, mortgaged and not mortgaged, so that twenty-four per cent of their debt-bearing capacity has been reached, if it may be regarded as two-thirds of their value.

Whether real estate mortgage debt has increased will appear upon an examination of the mortgage movement

during the ten years preceding 1890. This is shown in the following table:

AMOUNT OF REAL ESTATE MORTGAGES MADE DURING
THE TEN YEARS 1880-89 IN THIRTY-THREE STATES.

YEARS.	TOTAL.	ON ACRES.	ON LOTS.
Total for 33 States	\$9,469,167,081	\$3,573,582,435	\$5,895,584,646
1880	539,646,250	253,258,807	286,387,443
1881	659,347,263	280,927,826	378,419,437
1882	791,963,691	329,855,225	462,108,466
1883	826,929,285	347,754,962	479,174,323
1884	856,663,574	351,398,572	505,265,002
1885	888,376,835	352,521,283	535,855,552
1886	1,039,578,820	388,779,042	650,799,778
1887	1,272,668,482	454,945,037	817,723,445
1888	1,212,308,501	395,202,528	817,105,973
1889	1,381,684,380	418,939,153	962,745,227

A very decided progressive tendency in the mortgage movement during the decade is revealed by the preceding table, and no doubt this holds good for the whole country as well as for the States from which the figures are derived. The table shows the amount of debt incurred each year and an absolutely increasing debt in force is apparent. It is an assumption that can not be qualified by much error, that the average life of mortgages, or the duration of time from the date of their making to the date of their satisfaction, has not materially lengthened or shortened from the beginning to the end of the decade, and that the proportion of the partial payments has not varied considerably. How much debt incurred previous to 1880 survived in that year is not known and we can arrive at its amount only by a process of reasoning. The debt existing in 1880 may be roughly regarded as bearing the same relation to the debt existing in 1889 as the debt incurred in 1880 bears to the debt incurred in 1889. With this understanding, the existing debt of 1889 was 2.56 times the existing debt of 1880, an increase of 156 per cent.

In the meantime population increased about one-fourth and wealth about one-half, so that real estate mortgage debt increased proportionately about three times more than wealth and about six times more than population. Beyond question, the limit of the debt-bearing capacity of real estate was more nearly reached in 1889 than in 1880. If taxed real estate had increased in value as many times as mortgage debt did during the decade its value in 1890 would have been nearly as great as that of the entire wealth of the country, real and personal.

Urban growth has led to most of the increase of this debt. Upon reference to the foregoing table, it will be noticed that while the incurred debt on acres increased but sixty-five per cent from 1880 to 1889, the incurred debt on lots increased 236 per cent, and a considerable proportion of the debt on acres has been influenced by their proximity to towns and cities. It is true that an enormous amount of wealth takes the form of new buildings every year and that urban land values are increasing, thus affording new security for mortgages; yet, notwithstanding this, the debt limit of all real estate has been approached nearer and nearer during the decade under consideration. At a later time it may be possible to determine whether mortgage debt has been gaining on farm and acre values faster than it has on lot and building values, or the reverse. As far as the values are concerned, it is known that the farms of the North, east of the Mississippi River (excluding Wisconsin), were worth less in 1890 than they were worth in 1880, while urban real estate increased enormously in value, largely because of new buildings.

Why mortgage debt should be overtaking real estate values now becomes an important question. The immediate explanation is that mortgages are a means of the distribution of the use and enjoyment of wealth. It has been ascertained that more than eighty-three per cent of the mortgage debt was incurred to enable the debtors to buy land, to erect

buildings and to make other improvements, and that more than ninety-four per cent of the debt stands for an equivalent of durable property acquired by the debtors by means of the indebtedness. Almost all of the debt is of a voluntary origin, as the word "voluntary" is ordinarily understood. That is, mortgage debtors have not been forced into this debt to avoid misfortune, but rather have undertaken it to improve their condition and to increase their happiness. Within the limited view of the subject to which we are here confined for the moment, it is not fair to compare the condition of the mortgage debtor, as such, with his condition as it would be if he owned his mortgaged real estate free of debt: the proper comparison is with his condition as it was before he entered into debt to buy real estate or other property. Before incurring debt he weighed its benefits against its disadvantages and his action was decided by a preponderance of benefits, in his own estimation. He may have made a mistake, but it is not reasonable to suppose that it has been the uniform experience of all, or nearly all, mortgage debtors to miscalculate the consequences of this indebtedness. If they had done so, mortgage debt would not be voluntarily assumed by any considerable number of persons.

So here we have an increasing mortgage debt, increasing both absolutely and in relation to real estate value, and a debt that is mostly voluntary in its origin. In casting about for an explanation of this increase, it may at first be conjectured that it is accounted for by a growing need for greater possessions of wealth. But the average amount of each mortgage made during each year of the decade does not sufficiently support this conjecture. In 1880 the average was \$1149 for the thirty-three States previously referred to, and, with some variations, the average rose to \$1544 in 1889, an increase of thirty-four per cent. This looks like a very inadequate cause for nearly a triplication of mortgage indebtedness within ten years, when viewed with regard to the increase of wealth, but without regard to its distribution.

It is only when distribution of wealth is thought of, that the facts are harmonized. The facts are understandable if we regard the real estate purchasers of 1889 as less able to advance the full payment for their purchases than their predecessors were in 1880, not so especially because of the greater costliness of the purchases in 1889, as because of decreasing ability to bring forth the purchase price. In other words, a concentrating tendency of wealth ownership is indicated.

In qualification of this inference, it may be said that individual needs for larger amounts of capital have been growing. The merchant, for instance, needs, or, at any rate, wants more capital than his predecessor did and will place a mortgage on his home when he buys it rather than to pay for the home with capital taken from his business. Or, the owner of land and building used for business purposes prefers to borrow part of its cost and to confine the ownership to himself rather than to associate with himself co-owners who will supply capital of their own enough to make mortgaging unnecessary.

Yet, with the admission that these courses may have become more prevalent, it can hardly be established that the demands for more capital than before account for all, or most, of the approach to the real estate debt limit during the decade. The average mortgage has not increased enough in amount to produce such an effect. A large majority of the mortgages (seventy per cent) secure loans of less than \$1000 each and almost the entire number (ninety-seven per cent) secure loans of less than \$5000 each. According to the statement of the Bradstreet Company, the average amount of assets possessed by bankrupts engaged in business, increased from \$6306 in 1880 to only \$8692 in 1890, or thirty-eight per cent; while the average liabilities increased from \$13,131 to \$16,399, or only twenty-five per cent. Along with nearly a threefold multiplication of mortgage debtors during the ten years preceding 1890,

there has been a probable concentration of real estate ownership, relative to population. These facts contradict a supposition that mortgage debt and mortgage debtors have increased chiefly because of demands for larger amounts of capital, and are consistent with the inference that the increase has been due to a concentrating tendency of wealth.

Are mortgages evidences of prosperity, or not? In their inception, with a view to their purposes and with a general average of experience, yes. Mortgage debtors have intended to place themselves in better circumstances, and most of them would doubtless rather remain debtors than to part with real estate equivalent in value to their mortgage debts. The voluntary character of this kind of indebtedness proves a general consensus of opinion that it is a means of promoting prosperity. Otherwise the purchase of real estate and the erection of buildings with the aid of mortgages would cease.

But to the extent that mortgages are an evidence of the concentration of wealth, the answer must be qualified. If we bear in mind the mortgage debtors of any given time, we must hold them as agreeing that they expected to improve their circumstances when they became debtors, and that the failure to realize their expectations, if there has been any, has not been complete enough to make them desire to cancel their mortgage debts by surrendering an equivalent of property. When the succeeding mortgage debtors of a subsequent time, however, are considered, in comparison with the preceding ones, a concentrating tendency of wealth, if it will be admitted, will be regarded as increasing the proportion of the individuals who need to borrow in order to promote their prosperity and consequently to make a more equal distribution of prosperity.

While mortgage debtors must admit that they have done better to obtain real estate on credit than not to obtain as much of it as they have done, or not to obtain it at all, they are nevertheless in a situation where they feel the pinching effects of a reduction or loss of income more than real estate

owners do who are not debtors. This is owing to the interest that is wanted by the mortgagee. To understand this, a farmer may be thought of as cultivating a farm owned by him free of mortgage. The prices of its products enable him to live well and to save \$300 yearly. But a time arrives when the prices of products fall so as to cut off this saving and also, perhaps, to lower his standard of living. Still he does not need to draw upon his invested capital; as far as wealth goes, his loss is a negative one. He feels the loss, but it does not make him poorer and he need not lower his standard of living until his customary margin of saving has been more than extinguished. On the other hand, suppose that he has on his farm a mortgage on which he must pay interest of \$300 every year. Prices of products are high, and he lives well and collects from consumers the amount of the interest charge. Crop failure or a depression in prices of products follows. His loss is a lower standard of living and perhaps a positive loss of wealth, which he did not suffer when his farm was free of mortgage. He could forego the saving of \$300, but he cannot forego its payment as interest, and his ability to endure financial stress is inferior to what it was when he was out of debt. Therefore, while his mortgage, in its purpose, is an evidence of his effort to better his condition and, in its consequences, in an average of experiences, is an evidence of more or less gain in prosperity, if the farmer's condition with a less valuable farm free of mortgage is kept in view for comparison, yet he is peculiarly sensitive to a loss of the interest-earning power of the wealth that he has borrowed. Let there be a failure of crops, so that the interest burden cannot be shifted upon consumers, and farmers begin to think of political revolution and of schemes of legislation to lighten their load of debt.

It is estimated that during the decade under consideration the annual interest charge on the real estate mortgage debt of the country has increased from \$175,000,000 to about \$400,000,000. At the end of the decade the entire private

debt of all sorts, including that of quasi-public corporations, must have been charged with the payment of as much as a billion dollars, or about one-tenth of the annual product of wealth, or about one-half of the annual increase of wealth, so that the principal item of the interest charge was the interest on mortgages. While the facts expressed by these large numbers may have an influence on the distribution of wealth, they give no idea of the weight of the interest burden resting on the individual debtor. How great or little this is has been ascertained for mortgaged farms and homes that are occupied by owners in twenty-two States. Among the larger burdens for farms are \$138 in New Jersey; \$97 in Iowa; \$95 in Maryland; \$89 in Rhode Island, and \$80 in South Carolina. The smaller burdens are \$33 in Maine; \$41 in Tennessee; \$57 in Georgia; \$66 in Wisconsin, and \$67 in Minnesota. For homes the heavier burdens are \$108 in Rhode Island; \$98 in Massachusetts; \$94 in Minnesota; \$93 in New Jersey, and \$90 in South Carolina: the lighter burdens, \$41 in Maine, and \$51 in each of the States of Iowa, Tennessee and Wisconsin.

The debts on which these amounts of interest are paid annually are related to the values of the security in proportions varying from about one-third to about one-half, so that the larger amounts of interest may ordinarily be quite as easily paid as the smaller amounts, possibly more easily paid. In the case of a farm, it would seem as though the increase of live-stock might offset the interest charge without bearing heavily upon the farmer's resources. A horse, or one to four cows or steers, sold every year, are enough to prevent foreclosure of the mortgage. In regard to homes, their values, and hence their incumbrances, are usually adjusted to the incomes of their owners. The fact that mortgage debt is assumed so generally, with the experience of many debtors constantly in view, indicates that the burden of the interest is not regarded as offsetting the benefits received from the borrowed wealth.

One of the striking results of the census investigation of mortgage debt is the discovery of its geographical concentration. Considerably more than half of the mortgage debt of the United States incumbers the real estate of Illinois, Massachusetts, New York, Ohio and Pennsylvania, the great urban and industrial States of the Union, and in each of these States there is a geographical concentration. In New York, for instance, seventy-eight per cent of the debt is in the six counties containing the cities of Albany, Brooklyn, Buffalo, New York, Rochester and Syracuse, and the mortgage debt of these counties is more than one-fifth of the mortgage debt of the nation. Eighteen counties in various States owe about two-fifths of the entire debt. The real estate mortgage debt of New York City is more than twice as great as the debt of the same sort in the entire South, and must be nearly as great as the South's entire real estate, crop and chattel mortgage debt combined.

Considerable analysis is required before the meaning of mortgage debt can be fairly understood. It is not enough to have numbers so incomprehensibly large, when viewed alone, that they are appalling. An acquaintance must be had with the individual debtors and their circumstances. In comparing two such really unlike States as New York and Kansas, for example, points must be touched and explanations sought outside of statistics. New York has a per capita mortgage debt of \$268; Kansas, \$170—both large amounts. In both States the capacity of the real estate to bear debt is tested to a high degree, namely, forty per cent in Kansas and 37.59 per cent in New York, if Mayor Gilroy's estimate of the value of the taxed real estate of New York City is accepted; and in both States most of the debt had its immediate origin in the purchase of real estate and the erection of buildings.

In New York forty per cent of the taxed acres were under mortgage in 1890, and in Kansas sixty per cent, both percentages being above the average for the United

States. Notwithstanding these facts, we know that these States are characterized by diverse circumstances. Kansas is a comparatively new and poor country, whose inhabitants have needed to go outside of the State for much of their capital. Speculation in land values has been rife; agriculture and stock raising are the chief occupations of the people and urban development has merely begun. A year or so of crop failure or of low prices for live stock and farm produce, and a reaction from speculative prices of land, especially when it consists of unimproved town lots, has a trying effect on the interest-paying ability of a large proportion of the mortgage debtors. New York, on the other hand, is a State of cities, of trade and manufactures, of abundant capital, with savings and resources enough to tide over financial depressions without touching mortgage debtors to the quick, in such numbers as to raise any great and general outcry. In this State eighty-six per cent of the mortgage debt incumbers lots, and not all of the remaining fourteen per cent of the debt is on farms. In Kansas only twenty-eight per cent of the entire mortgage debt is on lots. New York has carried its enormous mortgage debt apparently without feeling its weight, because salaries, wages and business are not so sensitive to the interest charge as agriculture and non-productive town lots are; and for the same reason, under reversed circumstances, Kansas has been the more sensitive of the two.

In a comparison of the South with the North, the former region has been superficially regarded as being in more fortunate circumstances. With its population of nearly twenty millions, it has a real estate mortgage debt that is hardly more than five-eighths of the mortgage debt of New York City, or less than double the mortgage debt of Illinois, or of Massachusetts. One of the reasons for this is the fact that Southern agricultural land is not readily mortgageable; crops and personal property are preferred as security. Other reasons are, that the towns are comparatively small, that real estate values are low, that enterprise is not active and

general, and that manufactures and business have not assumed the proportions that they have assumed in the North relative to population.

Here is palpable evidence that real estate mortgages are indicative of prosperity, although, at the same time, they may be indicative of a concentration of wealth. But, under the tendency of mortgage debt to increase faster than real estate values do, this prosperity is a substitute for what should be a more substantial prosperity growing out of a better distribution of wealth, tending to be still better. This qualification of the prosperity of mortgage debtors is the menace of the future. While, as individuals, they have improved their condition by entering into debt; as a class, they may be regarded as exhibiting an increasing necessity of debt burden in order that improvement of condition may be made.

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THE FAILURE OF BIOLOGIC SOCIOLOGY.

In his latest book* Mr. Ward illustrates at once the strength and weakness of the class of writers to which he belongs. Judged by the standards this class would accept, he is particularly strong. Viewed by an outsider, his arguments seem weak and inconclusive. His chains of reasoning break of their own weight when not buoyed up by the sympathies of the reader. A detailed criticism of the conclusions arrived at in such a work would be of little value unless undertaken by one in complete sympathy with the standpoint and method of the author. A criticism, however, aimed rather at general tendencies than at particular conclusions, and which will treat the book as representative of the class of literature to which it belongs, may be not without interest even though from the pen of one whose views are in many respects opposed to those held by Mr. Ward. The following review is designed to contrast what I may call the economic and the biologic concepts of social phenomena. It seems fair to regard Mr. Ward's book as a development of the biologic concept ; but I shall not feel bound to confine myself to his work in emphasizing the contrast which I have in mind.

In the development of the social sciences the paradoxical has played an important rôle. One might suppose that the scientific world would have marked out a particular field for the social sciences ; that work would have begun in all parts of this field simultaneously, and that these parts would have been kept well co-ordinated from the start. Perhaps this method would have been pursued if the science had originated a century later when the idea of the universal reign of law was generally accepted. As it was, however,

* "*The Psychic Factors of Civilisation*," By LESTER F. WARD. Pp. 370. Boston: Ginn & Co., 1893.

only a small section of social science was at first investigated in a scientific spirit while other portions of social phenomena were gradually added to this existing science at later periods. With each addition the concept of this growing science changed until at length it practically covered the whole realm of social science. To this historic science has been given the name political economy, and the persons whose attitude toward social questions is determined by its study have been called economists. Every one admits that these names are defective, and many unsuccessful attempts have been made to coin other terms which would make the name of the science correspond more nearly to the phenomena investigated. About 1830, when the economists had already mastered a good portion of this field, a new and abstract classification of the sciences was devised by Comte, and the name "sociology" given to the science of social phenomena. The opposition to "economists" was at this time very marked, and those who were dissatisfied with the methods and results of economics rallied around this new name and endeavored to create a science whose scope would be broad enough to include all social phenomena, and whose results would harmonize more fully than did those of the economists with the historical and inductive spirit of the age. The new movement, however, was not productive of results. Thus we have come to have in political economy a science without a name, and in sociology a name without a science, both claiming to occupy the same general field. The economists refuse to recognize a name which is associated in their minds with wrong methods and untenable conclusions, while every opponent of the economists, stimulated by the word "sociology," seizes upon stray phenomena and from them derives far-reaching laws, imagines that he has discovered a new science, and proceeds to dispossess the "squatter" economists who have so long held the field without legal title.

The opposition between these two schools of social science is emphasized by different concepts of psychic phenomena.

Biologic sociologists extend the field of psychology so far into the province of physiology that the distinction between psychic and vital forces is lost. Mr. Ward, for example, contrasts psychology with cosmology,* the one being a study of the mind and the other of the universe. The mind is then defined in a broad way which makes it include the brain and nervous system, thus making physiology a part of psychology. Before the rise of biology, however, psychology was used in a much narrower sense, and sharply contrasted with physiology. Mental science in this classification includes all the phenomena of consciousness just as physical science includes all the visible phenomena of the material world. Psychology was regarded as a branch of mental science, treating of the "uniformities of succession," in the terminology of J. S. Mill, or, in more general terms, treating of the relations which subsist between those states of minds usually called ideas and their causes. "All states of mind," says Mill, "are immediately caused either by other states of mind or by states of body. When a state of mind is produced by a state of mind, I call the law concerned in the case, a law of mind. When a state of mind is produced directly by a state of body, the law is a law of body and belongs to physical science."† The causes of sensations and the forces which produce them thus lie in the province of physiology. The subject-matter of psychology is the relations existing between mental states. Psychic forces are the bonds which unite these mental states and cause them to succeed one another. Vital forces produce sensations, psychic forces determine the order and relation of ideas.

I do not care to justify this classification of mental phenomena. The important concepts will be recognized by every one even though other terms be used to designate them. Subjective phenomena (the realm of consciousness), the relations between ideas and those between sensations and

* "Psychic Factors of Civilization." p. 9.

† Mill's "Logic." Book VI., Chap. IV.

certain states of body, are generally recognized as three different groups of phenomena. Mr. Ward does not, however, keep these differences clearly in mind. He uses the term "psychology" to designate the field of inquiry relating to the connection between bodily states and sensations, and calls those forces "psychic" which unite sensations to bodily states.* This field, however, lies in the province of physiology and the forces in question are vital forces.

This peculiar use of terms affects Mr. Ward's reasoning in many ways. Starting from the premise that desire is a true natural force † he asserts that it is also a psychic force, and finally that it is a dynamic force, *i. e.*, the cause of social progress. Desire, however, is a natural force only in as far as it is the cause of bodily movements. In this sense it is a vital force, for all relations between states of mind and states of body are due to vital forces. His argument, however, demands that desire should be the binding force, not between states of body and states of mind, but between different states of mind. In this way alone can it be the cause of mental activity, and thus indirectly the cause of social progress. Mr. Ward, however, proves no such connection between desire and mental progress. He seems to imply that by extending the use of the term "psychic" so as to include what other thinkers have regarded as vital forces and by subsuming what they have regarded as "psychic" under the more general class, he can predicate of this more general class what these thinkers predicated of the class of phenomena which they called "psychic."

* "Psychic phenomena are the relations which subsist among the material molecules of the brain and nervous system and between these and the material objects of the outside world which appeal to them by means of actual mechanical contact." Ward's "Dynamic Sociology," vol. i., p. 408.

† "Desire is the essential basis of all action, and hence is the true *force* in the sentient world; and consistency as well as truth requires us to predicate this equally of man and of all things lower in the scale of animal life. . . . The classification of the forces operating in the department of animated nature will then be equivalent to, and, in fact, the same thing as the classification of animal desires; and, as what is true of all must be true of a part, this will likewise constitute a classification of the social forces." "Psychic Factors of Civilization," p. 116.

This argument may be called the subjective argument, as it connects desire with social progress through mental development. There is, however, another argument more frequently used by Mr. Ward, which may be called the objective argument, because it connects desire with social progress through bodily activity. Desire, we are told, causes bodily activity.* Bodily activity creates social motion, and hence it is the cause of social progress. Desire and bodily activity, however, are equally prominent as phenomena of static as of a dynamic society. The desires (Mr. Ward's social forces) control the actions of individuals as fully in societies where there is no social progress as in societies which are truly dynamic. It cannot therefore be the desires alone which insure progress. It is rather the conditions determining the direction in which the desires act that promote progress. Or to put this argument in another way, the causes of social progress lie not in the subjective desires or in the bodily activity of the members of a society, but in the environment of the society. The utilization of the water of a river to drive a mill depends upon the peculiarities of the bed of the river. If the descent is uniform from its source to the mouth, the current cannot be utilized. If, however, the descent is at places rapid and elsewhere very slight, dams and mills are possible. The same considerations determine the progress of society. Human desires and individual activity can create social progress only when they operate under peculiar conditions. Both these forces may be wasted if the objective environment does not possess the conditions necessary to social

* "The social forces in the sense in which they have been here spoken of are those influences which impel man to action. They are qualities residing in men which determine and control their physical activities. They have their seat in the nervous system, and are what incline the body and limbs to move in any particular direction. We call them *desires*. They are the monitors which prompt us as to the demands of the system and propel us toward the object demanded. Now it is human activity which has exerted the great influence upon society that has resulted in making it what it is. It is action which has worked out human civilization." "Psychic Factors of Civilization," p. 81.

progress. The activity of individuals may result only in eddies which prevent any onward movement of society as a whole.

It is not my purpose to follow Mr. Ward's arguments seriatim. The strength of his position does not lie in his particular arguments, but in his general attitude toward social questions and in his method of reasoning. We have to do not with an individual, but with a type of thinkers who have acquired a definite concept of the world, and a particular way of reasoning through their studies in other scientific fields, and who are applying the results of these investigations in their social studies. Whether these concepts and methods will be fruitful in the social sciences depends upon the validity as general propositions of the doctrines and methods used in these earlier studies. If they are particular propositions, true only of the concrete conditions in which they become known, it is a source of error to use them as premises in new studies in other sciences.

Mr. Ward, like many other thinkers of the present time, is primarily a biologist. The great scientific victories of the nineteenth century lie in the field of biology, just as those of the eighteenth century lay in the field of physics and astronomy. We are closing this century with as definite a bias in favor of biologic reasoning and analogy as the last century closed with a similar bias in favor of the method of reasoning used in physics and astronomy. The problems of the twentieth century lie plainly in the field of sociology and psychology. Does the mental attitude which the victories of biology have given to the present generation of thinkers promote or retard the development of these new sciences toward which the next generation of thinkers must direct their attention? It is such questions as these that the reading of Mr. Ward's book suggests. The particular arguments are of minor importance if his general attitude toward social problems is correct.

I believe that the biologic bias creates erroneous notions of social phenomena, and stimulates activity along fruitless lines

of investigation. Moreover, I hold that the only entrance to sociology, and to psychology as well, lies through the economic studies which have already proved so fruitful of results in an adjacent field. The economic entrance to these sciences leads from the concrete to the abstract, while the biologic entrance leads from the abstract to the concrete. We are thus at the start face to face with the vital problem relating to the true method of investigation and discovery. In addition to this, the economic method starts from an inductive investigation of subjective phenomena. The mind furnishes directly many of the premises upon which the economist depends. They are his starting point and not his goal. By the biologist the mind is reached through biologic studies, and has its phenomena interpreted through its relation to biologic facts. The laws of mind are deductions from the laws of life, and the premises of social and of psychological studies are inferences from biologic facts and not inductions made through a direct investigation of mental phenomena. The biologic sociologist starts with a theory of mental life due entirely to studies in other sciences and having validity only on the supposition that social action is a mere complex of the forces active in the biologic and physical world.*

This line of thought is emphasized by Mr. Ward. It is assumed that protoplasm is not only the physical basis of life, but also the physical basis of mind. Mental processes are described in physiological or biological terms. It is regarded as unscientific to emphasize the *mystery* of the mind, since it is merely a property of the organized body. Nothing is explained, we are told, until it can be reduced to the movement of matter in some form. The psychic forces are ultimately reducible to a physical basis. They have their origin in the human body, and have a more or less definite local seat.

I have reproduced these ideas not with any thought of discussing them or their consequences but merely to get at

* See, for example, the note on page 66.

Mr. Ward's method of reasoning. Any hypothesis concerning the basis of mental and social life is legitimate if it really adds to our knowledge or helps us to see more clearly their relations and importance. The method of an author must be judged, however, by more general principles than those used to judge of any particular hypothesis. And this necessary part of good reasoning has been so generally neglected, except in political economy, that it is only with difficulty that the bearing of such discussions can be made evident to persons who assume that there is only one scientific method, and that the method of the physical science with which they are familiar. It is commonplace to distinguish between the deductive and inductive methods, and if the classification of method is carried no farther, this distinction has little value. The fact is, that there are many kinds of deductive and of inductive methods, and we must have more definite knowledge of a given method than these terms will impart before we can judge of its validity.

The first method of reasoning I wish to describe is used by writers like Mr. Ward who believe that the universe has at its basis some simple element and that all phenomena are due to the effects produced by this element in its various combinations. Whether this element be matter, force or energy is of no consequence at present, as we are interested not in questions of fact, but only in those of method. The simple forces these writers tell us are those dealt with in physics, the chemical forces are next in order of complexity, then come the vital forces of biology, next the psychic forces, and finally the social forces. There is from this point of view a hierarchy of the sciences, each of which deals with a particular class of forces. If this thought be accepted, the tendency is to assume a bold form of deductive reasoning and to make our knowledge of any science depend upon deductions made from the facts and forces of the underlying sciences. Chemistry thus becomes a form of physics, biology becomes a combination of physics and chemistry and has its

laws verified, not by inductions within the field of biology, but by deductions from physical or chemical premises. To a still greater degree psychology and sociology lose their independent character as fields of investigation and become the battle-ground for circuitous deductions based upon the facts of physics, chemistry and biology. Analogy and deduction take the place of true induction within the realm of psychology and sociology. This long-distance method of reasoning has a great charm for many minds and constitutes one of the erroneous features of the reasoning of biologic sociologists.

The second method of reasoning is popular in biology, although not peculiar to it. Scientific inquiry may begin with a knowledge of given causes, and from them reason to their effects by a process of deduction; or it may begin with a knowledge of the effects of which the causes are unknown, and then the inquiry is as to the laws which determine the visible, known effects. Biology is a science of the latter class. The organisms which the biologist studies are the result of an evolution due to the adjustment of these organisms to their environment. The biologist studies the record of the effects of this adjustment as shown in the development of animal life and infers what their causes are. Geology is a similar science. The crust of the earth is the record of the changes and effects which unknown and unseen forces have produced in distant ages. History is also a science of this class. The written records of past civilization are studied in the hope of discovering the causes which produced the recorded events. Comte believed that this was the only true method of inquiry and bases his theory of a positive science upon it.

The third method of reasoning which I wish to emphasize is that used by economists, although it is not characteristic of them alone. It represents merely a certain stage in the process of the development of any science when it is passing from a purely inductive phase of inquiry to a purely deductive

phase. The essential features of this method are that first inductions are made, based upon a direct observation of the phenomena in question, and then these inductions are used as premises from which deductions are made as to other facts. Both the inductions and deductions lie within the realm of the science and the inductions precede and determine the deductions. There are no long-distance deductions from underlying sciences which shut out or do away with direct observation and induction. Economics thus differs radically from physics, which deals largely with long-range deductions from unseen causes and from biology which has merely a record of effects from which to infer causes. The causes in economics are apparent and may be discovered by direct investigation. The reasoning is thus from cause to effect, and not from effect to the cause. It is therefore a true deductive science, free from those suspicious long-range deductions from the realm of other sciences which at present are so characteristic of physical speculations.

The errors in Mr. Ward's reasoning are due to a combination of the first two methods, and to a neglect of those precautions which a thorough knowledge of the third method of reasoning would insure. If he were as familiar with the results of economic investigation as he is with those of biology and physics, he would be a safer guide. His arguments on social affairs begin with certain long-range deductions from the physical sciences which in the so-called hierarchy of the sciences precede social science.* If these deductions were verified by inductions within the realm of the social sciences, the procedure would be legitimate. At this point, however, Mr. Ward swings over from the first to the second method of reasoning. He now becomes a biologist, and uses the

* "The power of co-ordinating facts can only be acquired by their study in relation to more general truths. These general truths are to be found, not in the science to which the facts belong, but in the more general sciences to which this is subordinate. In a word, the details of each science can only be generalized by referring them to the laws of the science next above it in the hierarchy." Ward's "Dynamic Sociology," vol. i., p. 135.

biologic method of inferring the causes from the effects. Social and psychic phenomena influence bodily actions and determine in many ways the course of biologic development. Mind and society, we are told, are not objective facts which can be studied directly, but their activities must be inferred from the results. We can know them only through the mechanical effects they produce. A series of long deductions from other sciences makes the basis for the social sciences, and then the verification of the principles which are given to the social sciences by these deductions is secured through the effects which they are supposed to have in the biologic world.

We thus have, to speak generally, three points, A, B and C, which represent three fields of investigation. B is said to depend on A, an underlying science, and gets its principles from deductions about the phenomena of A. As C is produced largely as the result of B, we can verify the assumed deductive principles of science B by their effects in the field of science C. We can on this hypothesis proceed without any direct knowledge of science B. All we need to know of it can be learned through sciences A and C. Thus, by shifting from long-range deductions to inferences from effects we can create a science without any direct knowledge of its content. Surely the hierarchy of the sciences is a useful institution if it can help us over difficulties in so easy a fashion.

It is hardly necessary to state that no science has ever been developed on this plan. Valuable inductions have been made within the realm of each science before the deductive epoch began. Kepler's laws, and a mass of work even more inductive in character, preceded the discoveries of Newton, by which physics was changed into a deductive science. Chemistry did not succeed until attempts to deduce chemical laws from the principles of physics were abandoned, and a series of inductions based on direct observation of chemical changes was substituted in their stead. In biology also the theory of evolution was proved by an inductive study of biologic facts.

The recent long-range deductions based on physical facts is a subsequent growth.

Yet at every stage in the progress of the physical sciences the method which Mr. Ward uses has been tried and has proved a failure. The cause of these errors may be ascribed to two pre-suppositions to which the scientific mind is peculiarly liable.

In the first place a long continued study of the phenomena of any science cramps, if it does not destroy, the imagination of the student and thus creates the habit of viewing the phenomena of other sciences as though they were mere varieties of those facts with which the scientist is most familiar. Doubtless the concept of a common simple element underlying all phenomena is useful, but when it assumes the concrete form which the study of particular classes of facts gives it, it becomes a dangerous error.

This restraining influence of a defective imagination shows itself most plainly when the scientist becomes a student of mental phenomena. Mr. Ward, for example, is very clear in his explanations so long as he deals with the nervous or vital processes. He describes in a skillful way the cell structure, and traces the nervous currents from their origin to their final culmination in bodily activity. But when he leaves the physical side and tries to describe mental processes, his descriptions become vague, and he is unable to break away from the concepts which were useful in his biologic studies. He compares the phenomena of life and those of mind to the obverse and reverse sides of a coin. If the vital side of mind may be called the obverse side, Mr. Ward's description of it is excellent, but the reverse or purely mental side is simply a copy of the vital side minus the visible characteristics which mental phenomena lack. He cannot imagine the mental forces to assume any other form than the vital currents and reactions take on. His mental phenomena are merely *ghosts* of the biologic world. They act and react, march and countermarch, with all the

precision of strictly biologic creatures. Mr. Ward traces on the obverse side of his coin the real changes which biologic forces create, and then turning his coin over, he imagines a series of biologic ghosts rehearsing the drama of the obverse side. Looking on the obverse side, he sees the grooves made by the tendency of the vital forces to follow the line of least resistance, and then on the reverse side he imagines that he sees the mental ruts made by a like tendency of ideas to trail after one another.

Such psychology is merely *ghost* biology, and has not the semblance of a true science about it. There are no true inductions based on psychic phenomena. To return to the earlier illustration of method, it makes psychology like science B, which has its principles determined by long-range deductions from science A, and then the deductions are verified by the assumed effects which the forces of science B have on the phenomena of science C.

The second presupposition of the scientific mind to which I refer is due to the opposition existing between the scientific and theological methods of reasoning. The scientist assumes that all phenomena have a natural explanation, and that there are no breaks, missing links or "mysteries," which must be referred to the theologian or metaphysician for an explanation. To avoid the possibility of such gaps, there is a strong inclination to go beyond the existing body of exact knowledge, and to create sciences and to supply hypotheses by which such gaps can be avoided. The whole world of phenomena must be explained naturally at any cost, and thus a series of ghost sciences is created to supply the defects in the real sciences.

Locke, in his "Elements of Natural Philosophy," closes one of his chapters as follows: "All stones, metals and minerals are real vegetables, that is, grow organically from proper seeds, as well as plants." In this statement we have the essence of a ghost science, and if Locke had the disposition and versatility of Mr. Spencer, this thought might have

been expanded into a volume. This kind of geology would have proved just as serviceable in disproving the claims of the theologians that geologic facts have no natural explanation as Spencer's analogies about organisms which serve the like purpose in sociology at the present time. Locke was not willing to await the rise of a true science of geology, but, like Spencer, he resorts to biologic analogies to fill in the gaps.

These two presuppositions of the scientific mind, a cramped imagination and a disposition to discover at any cost a "natural" explanation for all phenomena, have been the source of many serious errors. Remember how many centuries the true explanation of the motions of the planets were delayed by the bias of scientists who affirmed that the planets must move in circles because these are the only perfect, geometrical figures. The opposition of the followers of Newton to the new theory of light came from this source. They could not conceive how light could be carried through space except by the movement of particles from body to body governed by the elementary laws of motion. Their theory of light was merely a ghost physics and with its aid they delayed for a century the acceptance of the true theory. Chemistry and biology in their early years had also to contend with ghost sciences created by the presuppositions of the scientists who first attempted to occupy these fields. When Comte created his hierarchy of the sciences, he put phrenology in the place of psychology. He must have a natural explanation of mental phenomena, and as biologic studies had not yet assumed a definite form he created out of phrenology a science in which he could secure the needed physical basis for the mind. It was of course merely a ghost science, but it enabled him to assume a scientific air and to forestall any charge of incompleteness which might be raised against his system.

Comte has called attention to three states of mind which characterize three distinct stages of human progress, the

theological, the metaphysical and the positive. During the first two stages, the theological and metaphysical bias of men caused them to waste their time and energy in endeavors to connect the phenomena of the world with unseen causes and entities. A more complete statement of human progress would divide it into four stages, putting the bias of scientific minds on a par with that of the theological or metaphysical minds. The desire to explain all phenomena through some simple element; the attempt to combine all the sciences into a hierarchy in which the principles of each special science would be derived deductively from the underlying sciences and not inductively within its own field; the determination to have a natural explanation at any cost even when recourse must be had to shallow analogies; the inability to break away from the concrete modes of thought fitted for one science when the phenomena of another science are the subject of investigation; all these in their united effect have delayed the progress of thought even more effectively than have the corresponding errors of theologians and metaphysicians. These feelings have caused a series of ghost sciences to appear, which have deceived their originators and diverted the attention of investigators from fertile fields where progress is possible. A new era for positive science cannot be inaugurated until the bias of the scientific mind is as fully recognized and as carefully guarded against as are the other forms of intellectual bias which are now so completely discredited.

Aside from the causes already mentioned for the failure of biologic sociology there is another even more important. This is the inadequate conception possessed by biologists of what really constitutes the environment of an organism or of a society. This may appear a surprising statement, as no formula is more common in the writings of this school than that of the adjustment of the organism to its environment. But if a close examination is given to what is included under discussions of this relation between the organism

and the environment, it will be found that the organism occupies the attention and that the problems of the environment are neglected.* While assuming to handle not merely the problem of life, but also that of the conditions of existence, the latter is treated not by direct study, but by inferences drawn from a study of effects of the conditions of existence on the development of organic life. Changes in organisms, we are told, are due to changes in the environment. It is assumed that changes in the environment have preceded every change in organic life, but we are left in the dark as to what these changes in the environment were that have modified organic life. Spencer's writings, for example, are meagre and crude in their allusions to the environment, and in one place† he says that the environment may be left out of consideration altogether.

The biologic method, as I have shown, is a study of a record of effects from which the causes are to be inferred. The organism is an effect of the contact between it and its environment. Biologists have studied these effects to get at the laws of life but have neglected the environment in which lie the causes of the effects they study. A direct investigation of the environment would reveal the principles which produce changes in organisms and thus create a progressive evolution. It is possible to obtain deductively in this way what otherwise can be acquired only through inferences from effects. The study of effects in search of causes is much more liable to error than is a study of causes to determine effects.

An unfortunate result of this procedure is an erroneous concept of the hierarchy of the sciences. Biology is put

* "Throughout Biology proper, the environment and its correlated phenomena are either but tacitly recognized, or, if overtly and definitely recognized, are so but occasionally; while the organism and its correlated phenomena practically monopolize the attention." Spencer's "Psychology," vol. i., p. 134.

† "In brief, then the propositions of Biology, when they imply the environment at all, imply almost exclusively its few general and constant phenomena, which, because of their generality and constancy, may be left out of consideration." *Ibid.*, p. 135.

immediately after chemistry, and is followed directly by psychology and sociology. A progressive evolution is thus taken for granted, but the conditions which determine it are entirely neglected. If the conditions of social progress are sought it is wrongly assumed that they result from the laws of life and not from the peculiarities of the environment.

Another error has crept into the current concepts of the environment of society because the attention of biologists is directed primarily to the study of the lower forms of life. These organisms receive their nutriment directly from their environment. Their organs of assimilation come in contact with the environment, and thus the food supply becomes a part of the environment of the individual. The process of organic development encloses the organs of assimilation within the body, and the process of social development makes the act of food getting indirect. Society, through its economic organization, gets the food and other material directly from the environment, and then, within the society, the distribution of these products among its individual members takes place. The environment thus is mainly social, and touches the individual at but few points. Through the development of individual organisms, or of social relations, many processes cease to be problems of an adjustment to the environment. These processes take place within society, or even within the individual organisms. They are thus removed from the environment, and are free from its direct influence.

The environment of a single isolated creature is moreover very complex and extraordinary, because it is affected by so many local conditions. It is made up partly of the physical peculiarities of the region which it inhabits, and partly of the influence of the organisms with which it comes in contact. It may live on some form of organic life, and be in turn the prey of other forms. If you force a multitude of different organisms into a limited area, the environment of each

becomes so complex that it is no wonder that biologists are chary of undertaking to describe this environment except in terms of its effects.

Social evolution, however, changes all this and reduces the many complex conditions of a primitive state to a few simple ones. Society, through its increasing powers, gradually destroys the organisms which are antagonistic to it. The savage animals are killed, hostile tribes are exterminated, and all plants or animals which would compete with man for the possession of the region which he inhabits are destroyed or driven out. The environment of society thus becomes simply the crust of the earth in so far as this crust is useful to society. It is strictly an economic problem to decide what the environment of advanced society is, and from these economic conditions can be determined what the influence of the environment on such a society will be. The peculiarities of this crust determine the three economic conditions to progress—climate, food and material. Change the form of the crust, and the climate becomes favorable or unfavorable. Alter the surface a little, and there would be no coal, iron or similar useful material within reach. Had certain poisonous substances been deposited on the surface, as is the case in some parts of the world, no vegetation would be possible.

All forms of organic life secure the conditions for a progressive evolution from the peculiarities of the crust of the earth which form their environment. Were the crust of the earth a level plain in which there were no irregularities, the forces creating a progressive evolution would be weakened if not destroyed. Low forms of animal life might be dominant, and progress would be retarded, as it has been in the case of deep-sea life. It is to the presence of mountains and to the changes which the formation of mountains provoke that the rapid evolution of animal life has been due. They bring many forms of animal life into close contact with one another, and hasten the struggle by which progress is

secured.* It is fair to assume that the relative rate of advancement in the forms of life on the different continents has depended upon the processes of mountain building or upon the conditions growing out of the existence of mountain ranges. Europe is far ahead of any other region in the development of its organic life, while Australia lags behind all the other continents in this respect. Had Australia been endowed with the same irregularities in its crust as Europe, the evolution of its organic life would have been equally rapid, because of the increased intensity of the struggle for existence which such conditions would have afforded.

The conditions determining the climate, food and materials of a society form its objective environment in contrast with the social instincts, customs, ideals and institutions which form its subjective environment.† These two environments supplement one another, and together determine the possibilities of social progress. In the earlier stages of evolution, regions with the most complete objective environment have the conditions favorable to progress. In these regions many varieties of climate, food and material are aggregated in close proximity, thus giving a local environment where progress is possible before the subjective environment is strong. In regions, however, where a variety of climate, food and material can be secured only from a large area of land (a great continent for example), the objective environment touches the individual at too few points to insure a progressive evolution. A strong subjective environment must supplement the weaker objective environment of these

*" In a continent such as Europe, where a great diversity in the mountain systems favors the localization of life and the development of peculiar forms, the tendency is to develop in separate mountain strongholds particular species, and to evolve their militant peculiarities until the forms are fitted to enter into a larger contention with their kindred species in less localized assemblages of life. Thus each mountain district becomes, as it were, a cradle of peculiar forms, which in time, when they have been proven by contention on their own ground, may enter into a wider field of combat." Shaler, "Nature and Man in America," p. 27.

† For a more detailed account of the nature of the subjective environment, see the writer's article on "The Place of University Extension"—*University Extension*, February, 1894.

regions before social progress in them can be continuous. Evolution begins in a local environment with favorable objective conditions, but it can reach its highest form only in the most general environment which the crust of the earth can afford. Here the objective conditions for social progress are the weakest, and the adjustment of society to this extended, but less pronounced, environment is due for the most part to the strength of the subjective environment.

If we define economic development as the progressive utilization of the earth's crust by the beings which inhabit it, this development is divided into two distinct stages—the biologic and the social. In the biologic stage the tendency is to localize the organism in places where the objective environment is most complete. There is a more complete adjustment to local conditions, and an increased dependence on the peculiarities of the objective environment for the conditions of progress. The environment becomes complex through the presence of many other antagonistic organisms, and the added intensity of the struggle for existence forces an increased adjustment to local conditions as a means of surviving. The complex environment needed for a purely biologic progress is afforded by mountainous regions, because here the local conditions are most diversified. In the course of this development there is an increase of function on the one hand and of desire on the other. The increase of function is demanded as a means of surviving in the isolated life which a local environment produces. An increase of desire leads to greater activity, and heightens the struggle for the local area to which the species is confined. It also leads to important limitations of the food supply and other sources of pleasure. Intense pleasures once enjoyed create habits which limit the species to a particular form of consumption, and thus increase still more the dependence of the species upon its local environment.

In the social stage of economic progress, however, the tendencies we have observed in the biologic stage are re-

versed. The group of organisms forming the society moves away from the conditions of the local environment and adjusts itself more fully to the conditions of the general environment. The society reaches out and procures its food and material from a continually larger section of the earth's surface. Gradually as the social forces gain in strength, the points of contact between the society and distant parts of the earth's crust increase, and new foods and material displace or supplement those of the local environment. Thus the different societies are bound together by economic ties into one society. In this process there is perhaps a loss of function and of the intensity of individual desires, but the harmonious blending of the many products secured from the general environment creates for the individual a better consumption than any local environment could afford.

The contrast between the adjustment to the local environment and the adjustment to the general environment demands emphasis because in it can be seen the two forces which create economic progress and the way in which they stand opposed to each other. Desire is the force back of the biologic development pushing the organism into an intense local environment. The satisfaction of intense quantitative desires is the goal of an isolated individual development. This is the realm of positive utilities, and the calculations of an individual under these conditions would be purely utilitarian.* There would be no check to utilitarian calculations because intenser feelings and functional growth would accompany every tendency to a greater localization and to a more exclusive utilization of the local surroundings. Under these conditions intense satisfactions come through comforts and luxuries that are rare and local, and the highest degree of functional growth depends upon an equally rare combination of circumstances. Men oppose the process of

* For a more complete discussion of positive utilities and of utilitarian calculations see the writer's article on "The Scope of Political Economy."—*Yale Review*, Nov., 1893.

socialization because they want intenser pleasures, stronger bodies, better stomachs, or more muscle and nervous force than the common conditions of a higher civilization afford.

The adjustment to the general environment is secured through another force. It is impulse and conviction that leads the members of a society to act together and thus increase the utilization of the general environment. Without impulses to move the members of a society in some one direction they would lack that common interest and combined action which extend the field of economic activity. Social impulses blind individuals to the advantages of the local environment and create instincts, customs and institutions which hem in the activity of individuals and compel them to exert themselves in ways most advantageous to society. These habits, institutions and race ideals form the subjective environment of individuals, and are created through the social impulses. A society cannot be progressive and increase its utilization of the general environment unless each of its members creates and projects the same subjective environment and gives to his instincts, habits and ideals the same reality that he gives to the phenomena of the objective world with which he comes in contact. The objective and subjective environments blend into one inseparable unit having the same degree of reality. The individual accepts social laws and institutions with as little question as he does the law of gravitation, and adjusts his conduct to the one set of conditions as readily as to the other.

It is necessary, therefore, to examine more fully into the forces that create the subjective environment, through which the social action of men is determined. In them we shall find the true intellectual forces and thus have a key to intellectual activity. Not merely the customs and ideals of social life are created by the social impulses, but also those deeper convictions which we call intuitions, including even the moral and logical instincts. Conviction, in whatever form we find it, has but one cause, the social impulses, and if we isolate it

from the complex conditions in which it usually appears, its source becomes clear.

The need of adjustment to the general environment of society gives occasion for the rise of the impulses which create the subjective environment of individuals.* Each individual projects the same environment and gives it an air of reality. Through these social convictions, created by impulses, society is bound together, and the common motives are germinated which force individuals out of the local environment and into a closer adjustment to the conditions of the general environment. Social conviction—the tendency to create and to accept standards for common action—is thus the first form of intellectual activity. Individual conviction—the tendency to use formal logic to convince one's self—comes later and gets its force from the earlier social form from which it is derived. The orator and judge who stimulate and enforce social standards precede in time the logician who creates an individual standard and gives it a higher validity than its social predecessor.

The impulse which leads to conviction in a social atmosphere is much stronger than we are apt to suppose. The real difficulty is to prevent conviction in improper cases. In society we are credulous creatures and make additions to our subjective environment on small provocation. The process of conviction, too, is not through logic, but through imparted impulse. The belief in one idea is imparted to other ideas as soon as these ideas are put into given relations to one another. There is a chemistry of conviction as well as of atomic combination, and it must also be studied inductively from results and not deductively from a composition of causes. Put a group of ideas, one of which is believed, into given relations, and the whole group will be believed. An impulse to believe is transmitted from one idea to others just as a

* To avoid confusion it should be remembered the subjective and objective environments form the environment of individuals, while the local and general environments form the environment of society.

body charged with electricity transmits its energy to other bodies if they are placed in a proper relation to it. To speak of the magnetism of an orator is not mere analogy. By this expression we indicate how an impulse to believe is imparted in a social atmosphere. The conviction of the speaker creates conviction in his hearers just as the loadstone infuses its own energy into the objects it touches.

It is because of the strength of the social impulses that they are overlooked and neglected. The subjective environment grows so easily that the process of weeding it out occupies the attention to the exclusion of the causes which create it. We call its ideas fancies and errors, and to exterminate them we distort our concepts of mental life until it seems as if scepticism were the only true intellectual activity. Formal logic was the form of scepticism to be first developed. By its use the individual compares the different parts of his subjective environment and adopts an objective standard to test their relative validity. A host of conflicting ideas, axioms and intuitions created at different stages in the process of adjustment to the general environment of society fall victims to this method.

Later, the individualist, or better named the social nihilist, attacks the customs, habits and institutions of society with the same method, and, at least to his own satisfaction, destroys them utterly. The whole subjective environment now seems wiped out and proved to be a myth and a snare. Next, the idealist undermines the objective environment with the same methods and shows that the external world is after all only a subjective train of thoughts. Finally, the thorough-going sceptic like Hume assumes that causal relations are similar in their nature to the habits and customs of the social world, and have no other validity than have these fictions of society.

The history of philosophy consists so exclusively of these various forms of scepticism that it seems to be the only kind of intellectual activity. The simple intellectual forces are

lost sight of in the effort to correct the bad results of their undue activity. No wonder when the intellectual activities are confined to so barren and negative a field that a school of positivists has arisen which excludes all theology and metaphysics from the realm of science. But the very fact of scepticism proves that there are intellectual forces creating conviction and forming a subjective environment of instincts, ideas, axioms and intuitions. A weeding process presupposes a force that makes weeds grow. It is the existence of a subjective environment and not the truth of its inferences that demands attention. Theology, metaphysics and social institutions could not have arisen if there were not some force in the intellect creating the fancies and delusions out of which they spring. A theory of conviction must precede a theory of knowledge.

The intellect assumed its present form because of the opposition of the tendencies of the local and general environments. Social impulses would have remained mere adumbrations but for the utility they possessed to society in forming the subjective environment of individuals through which an adjustment to the general environment of society was promoted. The strength of these impulses caused an overgrowth of the subjective environment and a subordination of individuals to the ends of society. The utilities of individuals and their functional growth were diminished by a disregard of local conditions. Scepticism weeded out the entangled network of the subjective environment and restored an equilibrium between the forces of the local and general environment of society. Then a conscious utilitarianism grew up as a result of scepticism and created motives for action where the subjective environment of individuals had been rooted out by scepticism. Our present intellectual activities assume one of these three forms, but no matter how much emphasis we may give to the second and third forms we must not forget that the first form is the original one and that in it lie the forces which make the other two effective.

The error of Mr. Ward in regarding the desires as the true psychic forces is traceable to his acceptance of that negative view of intellectual activity which scepticism offers. If the intellect is merely a machine for testing knowledge, then the psychic forces and the causes of social progress must be sought in those *quasi* vital forces called the desires. The desires are an element of progress only so long as further growth of function in the individual is desirable. They force an adjustment to the local environment through which feeling, activity and function are developed. The desires become anti-social forces, however, as soon as the impulses to social action begin to adjust society to the conditions of the general environment. When scepticism commences the desires are the motives which give vitality to utilitarian calculations, and thus these motives regain control in a large class of actions. In this form they are the basis of individualism and still continue to promote an adjustment to the local instead of the general environment. However useful individualistic and utilitarian action may be, it can hardly be claimed that they are social.

There are three elements in the theory of social progress. In the first place the crust of the earth to which society must adjust itself must be so constituted that an ever-increasing advantage is secured by enlarging the environment of society and thus securing more points of contact with the surface of the earth. Without these conditions social progress would be undesirable. It would be better to strengthen the individual in functional activity and desire through greater local adjustments. In the second place the social impulses must create a subjective environment for each individual that will lessen his desire for the utilities of the local environment and create the conviction that the group of activities, conformable to the general environment, are absolutely essential to his well-being. The conditions and forces of social progress are thus brought into harmony. The final element comes from the field of desires and utilities. It is not simple desire,

however strong, that aids social progress, but *marginal* desire. It is the condition of having more desires than the activities of a man can satisfy in his present economic condition. The strongest desires are ineffectual motives to progress if they can be completely satisfied. A margin of unsatisfied desires creates a dissatisfaction with the present environment and a determination to improve it. Keenly felt wants that cannot be satisfied, or in economic language, a high margin of consumption quickens the activity of the social impulses through which adjustment is secured to the conditions of the general environment.

I cannot close without reverting again to the hierarchy of the sciences, because a defective concept of it seems to me to be the main source of the errors of biologic sociologists. They assume that biology follows in direct succession after chemistry. The adjustment they recognize is between the chemical constituents of food and the plant or animal supplied. This view might be the true one if food were made chemically in nature's laboratory. We can imagine such a condition by assuming that the world had remained in a nebular state, and that organisms floated around in its gases as birds fly in our air. The food could then be secured by direct contact with the air, just as oxygen is now obtained by breathing. Life could doubtless continue in such a world, but a progressive evolution would not take place because the conditions for it would be lacking. Biology would be a dreary science without that variety of organisms, and the record of their development which now constitutes its charm.

With us, however, the food supply is not a problem of chemistry, but of the construction and composition of the earth's crust. Static relations have arisen between the elements forming this crust, and the forces thus imprisoned must be set free. Even the forces still free, like the heat and light of the sun, must be transformed into those semi-static relations we call climate before they can be of use. It is this static condition of chemical forces in the earth's crust

that creates the economic problems. The static compounds on the surface, which we call materials, must be transformed by a natural or artificial process into another series of static compounds called goods. Chemistry has to do with the composition of compounds. Economics deals with the transformation of these compounds into new aggregates useful to man. But for the peculiarities of the earth's crust this recomposition of mere aggregates into goods could not take place. New qualities of matter are displayed by this process which would have been overlooked by a mere chemist. The economist has, therefore, to study peculiar forces as well as the obstacles to the action of the primary forces of physics and chemistry which the crust of the earth impose. Economics is thus partly a science of forces and partly a science of the obstacles which other forces meet when in contact with the earth's crust.

There is, however, still another series of transformations within the field of economics. Goods must become utilities. The forces they contain must in the end lose their static relations and through assimilation the goods become utilities to their consumer. The theory of utilities, or in more concrete form, the theory of consumption, thus becomes the subjective side of economics, corresponding to the theory of the composition of goods which forms its objective side.

A correct theory of progressive evolution should have as its basis a theory of goods and a theory of utilities. Its necessary assumption is that the quantity of goods and the quantity of utilities can be increased by a better adjustment to the conditions of nature. Adjustment has no meaning unless these two possibilities can be realized. The development of organisms is one means of adjustment; the development of social relations is the other. Both of these sciences rest upon economics as an underlying science, and are particular means of increasing utilities and goods. The end of the organic mechanism which the biologist studies is not different from the mechanical contrivances which men

construct with materials, or from the adjustments between men in society which the social impulses create. They would all remain mere adumbrations but for the peculiarities of the earth's crust which allow an increase of goods and utilities to result from each new adjustment between men and nature.

We pass from economics to sociology when the limit to the conscious calculation of utilities is reached. New influences now appear which cannot be determined deductively from the theory of utilities. The impulses of the subjective environment displace calculation and create a new class of phenomena which must be studied inductively. The theory of conviction is not a corollary to the theory of utilities, but is the result of new forces which lie dormant until the need of adjustment to the general environment demands common action on the part of men. Through the impulses leading to conviction, institutions and ideals become so real and objective to individuals, that their conduct is shaped by these elements of the subjective environment as unconsciously and as instinctively as if they were facts of the objective world. Axioms and intuitions and revelations displace quantitative feelings as premises for reasoning, thus giving to each individual the same motives for action and demanding from him the same conduct. When this new force creating conviction is tempered by the influence of scepticism and utilitarianism, we have before us the complex phenomena of society in all their richness and variety. Sociology thus rests on economics as an underlying science, but has its own forces and material to investigate, and its own problems to solve. Sociologists must reach down into the underlying sciences of biology and economics for much of their material, but they cannot admit that the forces creating these sciences are the true social forces without undermining the independence of their own investigations, and making their results mere aggregates of unsorted particulars.

SIMON N. PATTEN.

University of Pennsylvania.

MINUTES OF THE PROCEEDINGS.

TWENTIETH SESSION.

The Twentieth Scientific Session of the Academy was held in Philadelphia, on Friday, November 17, 1893, at the New Century Club, at 8 p. m.

The secretary announced that the following papers had been submitted to the Academy since the last session:

165. By Professor WALTHER LOTZ, of the University of Munich, Germany: The Monetary Situation in Germany. Printed in the ANNALS, July, 1893.

166. By Dr. W. W. WILLOUGHBY, Washington, D. C.: A National Department of Health. Printed in the ANNALS, September, 1893.

167. By Rev. PERRY W. SINKS, Painesville, O.: The Treatment of Criminals in a Christian State.

168. By Professor WM. C. MOREY, of the University of Rochester: The First State Constitutions. Printed in the ANNALS, September, 1893.

169. By FREDERICK H. COOKE, Esq., New York City: Economic and Uneconomic Anti-Trust Legislation.

170. By Professor J. C. BRANNER, of the University of California: Translation of the Constitution of the Republic of the United States of Brazil, and (171) Translation of the Political Constitution of the Empire of Brazil.

172. By Professor CARL C. PLEHN, of the Leland Stanford Jr. University: Translation of Professor ADOLF WAGNER'S Theory of Direct Taxes.

173. By Dr. WM. DRAPER LEWIS, of Haverford College: The Adaption of Society to its Environment. Printed in the ANNALS, January, 1894.

174. By G. FRANK LYDSTON, M. D., Chicago: Sexual Crimes Among the Southern Negroes Scientifically Considered.

175. By Professor EDWARD A. ROSS, of the Leland Stanford Jr. University: The Total Utility Standard of Deferred Payments. Printed in the ANNALS, November, 1893.

176. By Dr. F. C. HOWE, of Johns Hopkins University : Federal Revenues and the Income Tax. Printed in the ANNALS, January, 1894.

177. By Dr. EMORY R. JOHNSON, of Haverford College : Inland Waterways, Their Relation to Transportation. Printed as a Supplement to the ANNALS, September, 1893.

178. By Professor R. SALEILLES, Dijon, France : L'Evolution des Lois constitutionnelles en France.

179. By D. M. FREDERIKSEN, Esq., Chicago : Mortgage Banking.

180. By Miss FLORENCE J. FOSTER, of Vassar College : The Grange, and the Co-operative Enterprises in New England. Printed in the ANNALS, March, 1894.

181. By Gen. R. BRINKERHOFF, Mansfield, O. : The National Prison Association. Printed in the ANNALS, November, 1893.

182. By Mr. MILES M. DAWSON, Lake Bluff, Ill. : Life Insurance in the United States. Printed in the ANNALS, March, 1894.

183. By Mr. HUGO BILGRAM, Philadelphia : The Law of Value.

184. By M. PAUL DE ROUSIERS, Paris : La Science Sociale. Printed in the ANNALS, January, 1894.

185. By Mr. JOHN BORDEN, Chicago : The Labor Theory of Exchange Value.

186. By Professor EDWARD P. CHEYNEY, of the University of Pennsylvania : The Mediæval Manor, Translation of a Typical Extent. Printed in the ANNALS, September, 1893.

187. By Dr. LEO S. ROWE, Philadelphia : Annual Congress of the Society of Social Economy at Paris. Printed in the ANNALS, September, 1893.

188. By GAMALIEL BRADFORD, Esq., Boston : Congress and the Cabinet. Printed in the ANNALS, November, 1893.

189. By Dr. LEO S. ROWE, Philadelphia : The Betterment Clause of the London Improvement Bill. Printed in the ANNALS, November, 1893.

190. By Sir GUILFORD L. MOLESWORTH, Bexley, Kent, England : Indian Currency. Printed in the ANNALS, January, 1894.

191. By STROUGHTON COOLEY, Esq., Chicago : The Proportional Representation Congress. Printed in the ANNALS, November, 1893.

192. By Dr. H. L. WAYLAND, Philadelphia : American Social Science Association.

193. By Professor A. T. HADLEY, of Yale University : Interest and Profits. Printed in the ANNALS, November, 1893.

194. By FREDERICK WM. HOLLS, Esq., New York City : The German American Standpoint in Party Politics.

195. By Dr. LUCIUS S. MERRIAM, of Cornell University : Money as a Measure of Value. Printed in the current number of the ANNALS.

Professor Roland P. Falkner, who had served as secretary to the American Delegation at Brussels, addressed the Academy upon the "Monetary Conference of 1892."

After giving an historical sketch of previous efforts to secure international legislation on the money question Professor Falkner said in substance:

"The result of the conference of 1892 is to be learned from an analysis of its proceedings, rather than its actual resolutions. The work of the conference clearly indicated the conditions of a successful issue and the bar to any result under present circumstances. The conditions are, first, general recognition of the evil to be remedied; second, a remedy which shall not impose unequal duties; and third, a remedy which shall be adequate to the trouble.

"The evils of the present condition of affairs were only partially recognized at Brussels. That certain States were heavily loaded with silver was not a cause for international action. That grave difficulties arose from the fluctuations of exchange between gold-using and silver-using countries was generally admitted and the need of a remedy conceded.

"That the existing industrial depression in all countries was traceable to monetary causes, which, if conceded, would be a potent impetus to international action, did not receive general assent.

"It is clear, therefore, that had a just and adequate remedy been proposed to meet the fluctuations of exchange it would have secured the approbation of the conference, which was not ready for the broader proposition of bimetallism.

"The remedies proposed, did not, however, meet the requirement of approximately equal effort. The proposition for the retirement of small gold coins and small gold notes, except those based upon silver, would fall heavily upon England and Italy. No action would be required in the United States. The proposal that gold be reserved for international exchanges, would fall equally heavily upon nations accustomed to its use in daily transactions. Again, the

de Rothschild proposition for the purchase of silver bullion, required the United States to purchase more than all Europe combined. If the price of silver reached a certain height, it was agreed that European purchases should cease, while American purchases continued. Only in the proposition of international bimetallism would the distribution of burdens be equal. But, as we have said, the necessity for international bimetallism was contested. By some, at least, its adequacy was drawn into question.

“Thirdly, the proposals were inadequate. If we accept as true the statement of evils to be remedied, then, only thorough-going legislation could be effective. The plan for withdrawing gold coin and small notes, relieves only a trifling amount of gold and makes place for only a small quantity of silver. The plan of making gold a distinctively international, instead of a national currency, goes to pieces on the objection that a currency can be *international* only by virtue of its being national. The plan of Mr. de Rothschild was not sufficiently elaborated. Its main idea was to find, for five years at least, an opening for the current silver production. But it was not measured with care to this end, and it was felt that the experience of the United States, under the law of 1890, would be repeated on a large scale. It was felt that as an upshot of the matter the nations of Europe would be loaded down with an unnecessary amount of silver.

“Any measure, to be really effective, must be so comprehensive as to approach international bimetallism. The bimetallists saw this and hence favored compromise measures. But no comprehensive measure was really any stronger than bimetallism. If adopted, it would have been dictated by the same motives which led to the unrestricted use of both metals. But those motives did not find general acceptance. Hence the failure of the conference, despite the earnest efforts to find a middle way.

“The alternative for an international monetary conference is clear, it is inaction or an international bimetallic proposal.

The first has been the fate of all efforts heretofore. Is any other result possible? Undoubtedly, international bimetalism may ultimately triumph, but we may be sure of this, that it will not have any prospect of success until Europe calls the conference and makes proposals to the United States. We need not give up hope in this matter, but, after all our unsuccessful efforts, it is clear that the initiative belongs elsewhere. That the initiative will be taken up by Europe, we have every reason to hope, and it may not be many years before an international conference is held in which the fruits of our past labors shall be reaped.

"For the present we have adopted a waiting policy. Let us hope that we shall not have too long to wait, and that the relief may come before, through our impatience, we have hurried into surprising and radical experiments."

In the discussion which followed Dr. Rowe did not share the hope of an international agreement expressed by the speaker. He believed that the strain upon gold would be relieved by minor measures tending to increase the use of silver as money in various nations. Several such measures which had been proposed in Europe gave promise of such a result.

Dr. Emory R. Johnson spoke of the currency needs of the United States. He felt that the United States should solve unaided the problem of a proper circulation. An ideal currency would be one which would combine the features of safety, stability and elasticity. Whatever might be the forms which it might eventually assume, certain steps of the process, such as the withdrawal of the greenback circulation, were obvious at the present time.

Mr. W. H. Harned and Professor Simon N. Patten also discussed the address.

In a brief reply Professor Falkner said, "that while he might perhaps agree with the gentlemen who had spoken, he had felt it necessary to confine his discussion of the subject to what seemed possible by international action only, and the

basis and limitations of such international regulation of the currency question."

TWENTY-FIRST SESSION.

The Twenty-first Scientific Session of the Academy was held in Philadelphia on Wednesday, December 20, 1893, at the New Century Club, at 8 p. m.

The secretary announced that the following papers had been submitted to the Academy since the last session:

196. By CHESTER F. RALSTON, Oberlin, O.: Should the Legislation Regarding an Inebriate Criminal be Revised?

197. By DR. LEO S. ROWE, Philadelphia: Reform of University Instruction in Political and Social Science in Belgium.

198. By HUBERT VALLEROUX, Paris: Les Syndicats professionnels en France.

199. By JEROME DOWD, of Trinity College, N. C.: Trusts.

200. By PROFESSOR GEORGE H. HAYNES, of the Worcester Polytechnic Institute: Representation and Suffrage in Massachusetts.

201. By DR. J. E. GRANRUD, Northfield, Minn.: Five Years of Alexander Hamilton's Public Life.

Dr. Leo S. Rowe then addressed the Academy upon "Some Factors of Municipal Efficiency."

The first portion of the speaker's remarks was devoted to a comparison of the views of De Tocqueville and Bryce on American political institutions. It is interesting to note the great difference in their final judgment of local government in the United States. We pass, here, from De Tocqueville's effusive admiration to Bryce's conclusion that "the government of cities is the one conspicuous failure in the United States." The causes of this change of opinion are to be found in the new conditions of city life which have been developed since the '30's. The problem of city government, which has so rapidly grown in importance, must be met on the basis of our own peculiar conditions. In turning to foreign cities, therefore, it is to see what they are actually accomplishing rather than to set up any specific organization modeled upon them; to examine into the principles,

which are the ultimate causes of efficiency, rather than to select this or that municipal institution for imitation.

With these restrictive conditions in mind we must, nevertheless, recognize a very close analogy in the nature of the problems great cities have to deal with, and that the possibilities of profiting by each other's experience deserve to be more generally emphasized. Taking Berlin as the best example of a well-governed city, Dr. Rowe went on to show the rapid growth of the Prussian capital, and the very striking analogies to the great American municipalities which it presents.

The financial system of Berlin was then examined, the highly developed form of income tax receiving special attention. Of interest, in this connection, is the relation between the revenue from taxes and that from other sources; especially the profits from such city enterprises as water, gas, markets and slaughter-houses. The former, which is entirely a system of direct taxation, furnishes \$9,000,000, or less than fifty per cent; the latter \$3,500,000, or nineteen per cent of the total income of the city.

After a summary consideration of the general financial condition of the city the main portion of the subject was reached, viz.: the analysis of the main causes of efficiency of the various municipal departments. No one particular service, but the entire range of municipal action was made to show that the explanation of the fact that the citizens of Berlin are receiving from their city administration a quantum of necessities, comforts and luxuries far greater than in any of the other great cities of the world, was to be found in the simple fact that the people of Berlin have realized the true nature of municipal problems and the part municipal action must play in the daily life of the citizen. They fully appreciate that inefficient service means the impaired health and happiness of the whole community, and the destruction of a whole mass of those social pleasures characteristic of German life. Each citizen feels, therefore, a strong personal

interest in municipal affairs, and when brought face to face with the difficult problems, which confront every municipality, it was looked upon as a matter of course that these should be met on business principles, combined with the very best scientific and technical knowledge. To illustrate this the main branches of the city administration were closely examined. Berlin is, beyond all doubt, the most uniformly clean of the great cities. The fact that a far greater proportion of the average German's daily life is spent outside the home than is the case with the American, causes him to look upon the public highways from a standpoint differing materially from that of the American public. Filthy streets would make life absolutely intolerable to a very large class of the citizens. It is not surprising, therefore, that the problem of street cleaning was very soon recognized to be one of those requiring the skillful management of a thoroughly trained expert who was to make this particular service his life-study. The result has been that in the course of years a system of street-cleaning has been developed which stands unrivaled in the history of modern municipalities. And all this at the relatively low cost of \$450,000, or less than three cents per head. The keen interest shown by the great mass of the population in this, as in every one of the municipal departments, is not only the primary cause of this business-like way of grappling with municipal problems, but contributes directly to the efficiency of the service. The director of the department finds the active co-operation of the citizens in furnishing positive information as to the needs of different localities and unsparing criticism in case of any shortcomings, one of his greatest aids.

The examination of the water, gas and drainage systems of Berlin shows conclusively that the city possessed but very few physical advantages to aid it in the task. Few cities have had such enormous obstacles to overcome in order to obtain an abundant supply of pure water and a system of

drainage which should meet all sanitary requirements. In the management of these departments we find the same principles realized as in the case of street cleaning. No debate, no difference of opinion existed as to the proper method of meeting the problem. Officials whose scientific training and administrative capacity were generally recognized were placed in charge. With each it was made a life-work, and the public expected in return the continual improvement of the service in conformity with the latest advances in engineering and sanitation.

The result has been a gas and water supply and drainage system which are the envy of American tourists. With an excellent water supply, to which the reduction of mortality from 31.2 to 21.57 in ten years is in no small measure due, the department has, nevertheless, continually shown a surplus of receipts over expenditures, which in 1892, amounted to over one million dollars.

In the city gas works, where the same methods prevail, the surplus was more than one and a half millions, although the price of gas was thirty per cent less than at Philadelphia, and its lighting power at least twenty-five per cent greater. The city markets and slaughter-house, which are models of business-like administration, also yield a surplus of nearly half a million. The profits are very much reduced by the fact that of late years the desire to extend all municipal services to all classes of the population has led to a reduction of their cost to the citizens.

Perhaps the most interesting chapter in the history of the municipal government of Berlin is the relation of the city to its street railway companies. Not only did it require certain payments for the original franchise, not only does it hold the companies to the strict fulfillment of their contract obligations as regards street cleaning and paving, but it has assured to itself annual payments, which increase with the growth of the city. It did not hamper the companies through an enormous license tax on each car, as Paris has done, but

stipulated that the company should pay a certain percentage of its gross receipts into the city treasury, ranging from four per cent when such total receipts are less than \$1,500,000, to eight per cent when they exceed \$4,000,000. Last year the income from this source amounted to \$300,000. The franchises were only granted for a period of forty years, at the end of which (1911) all street-car lines become the property of the city. The rolling-stock must be sold to the city by the company at a reasonable figure or else suffer expropriation.

We have in these departments under consideration a few of the instances where the intense municipal life of Berlin finds its expression in efficient services at a low cost. The feeling of solidarity which is the direct product of the keen general interest in municipal affairs has given birth to a mass of municipal institutions which have enormously increased the field of municipal usefulness. We have instances of this in the "Municipal Fire Insurance Institute," through which the city protects property owners at very low rates, the "Municipal Mortgage Loan Institute," which has been productive of much good in loaning money on mortgage security, the "Municipal Collateral Loan Institute," which has made pawnbroking abuses a thing of the past, and has relieved untold suffering. At every turn the study of Berlin life shows us this active interest of the citizen in public affairs and the consequent appreciation of the unlimited possibilities of municipal life.

This is the great lesson Berlin has to teach us. It is to the general recognition of the same principles that we must look for any radical and permanent changes in our methods of city government. The attitude of our urban population toward municipal institutions must change, as well as that of our State governments. The citizens must be made to see and feel what their city can do, if they only *choose* to make it what it should be. When we see the magnificent results accomplished by Berlin can we any longer doubt as

to our own possibilities? With political education more highly developed, with superior business capacities and well-being more generally diffused, there is no reason why we should not develop a municipal life and city government which shall outrank in its achievements all European cities. Berlin experience points to the principles we must first recognize.

In the discussion of the paper Professor Falkner said:

"The paper has commended in the municipal government of Berlin on the one hand the mechanism of its administration, on the other the extent and excellence of municipal services. The budgets of Berlin and Philadelphia are nearly equal. Berlin is truly the larger city in population, but not in area. In 1880 Berlin had 36,000 dwelling places, Philadelphia, 142,000. That means for Philadelphia a much larger area to be supplied with water, gas and electricity, of streets to be paved and streets to be cleaned, and a much vaster extent of the sewage system. If we always bear in mind the system of construction in America as compared with European cities, I feel sure that we shall find municipal services in the former by no means so extravagantly costly as they are often represented to be."

Mr. J. G. Rosengarten said: "Mr. Chairman, Dr. Rowe's paper is one of great value and interest. I wish he had put more stress on Stein's organization of the German municipalities, as part of his preparation for that popular uprising against Napoleon, which has culminated in our own day in the establishment of the German Empire as the great factor of modern Europe. Gneist did good work in the charter of Berlin, but it was only part and parcel of the reorganization which followed the making of the Germany of to-day by Bismarck and Moltke. It must always be borne in mind that the military spirit governs both Berlin and Prussia, as parts of the Empire, which is itself based on military strength. It is the strong hand of the army that controls the City of Berlin and makes its administration to-day such a shining example of what municipal government can do.

The Mayor of Berlin is practically chosen by the Emperor, not by popular suffrage, and he is selected for capacity shown and tested in other cities, and not on party grounds. The legislative body of Berlin is practically composed of paid experts, trained by long years of study for their work. The universities of Germany teach administration, *kameralwissenschaft* is one of the branches of liberal education, and admission to the bureaucracy is made by the test of successive examinations, and not by a 'boss' or by a political pull. The imperial purse is drawn on liberally for those great improvements that have made Berlin in fact as well as in name, the capital of Germany. With such aid it is not surprising that Berlin is to-day the best administered city of the world. It draws strength from the co-operation of its best citizens, not by popular votes, but as representatives of its leading guilds. It is as though the College of Physicians, the Board of Trade and similar bodies here were to select their best men to represent in the city government those matters of which they have special cognizance. The people have little as a body to do with the choice of those who govern them. There is no such anomaly as schools controlled by local boards chosen by the people and a central board chosen by the judges, but the Department of Education, under a minister of State, assisted by experts who have made a lifelong study of pedagogy, absolutely control the schools. The only popular representation in their affairs is in the visitors nominated by the government from those really qualified to test the work done in the schools—university professors, medical men, clergymen, lawyers, merchants, all experts in their special subjects, and all they can do is to give advice, based upon actual personal observation of methods and results. They have nothing to do with the choice of the teachers, for that is part and parcel of that personal and paternal government which still holds good of every part of the German Empire. The dissatisfaction of the body of the people with militarism and bureaucracy is

shown in the selection of socialists and advanced liberals and others in opposition to the existing party in power and its methods, but they can do little harm and less good in the actual administration of either city or State. Berlin has undoubtedly been transformed in the last twenty years, but this has been done by men and methods that can never be secured here. We can, however, learn from its technical administration to abolish our slums, to mend our ways, to secure a good water supply, to reform our finances, to introduce a larger share of unpaid supervision, and to make that 'New Philadelphia' for which we are all heartily hoping.

"Let me commend to your attention Mr. Pollard's capital little book on the 'Municipal Administration of Berlin.' He speaks with the authority and experience gained in working for reform in Glasgow, and what has been done there has been done too in Birmingham and Manchester, and in other large English towns. We are all indebted to Dr. Rowe for his exhaustive study of the theory upon which the work has been done in Berlin, and it is applied with equally good results in Hamburg and Magdeburg and other German towns. It cannot, however, be introduced here, and we must work out our own difficulties for ourselves, helped on perhaps by the example of German and English experience, but relying on our own mother wit for a relief from the recognized evils of our own municipal administration and of that which weighs so heavily on other American cities, nearly all in need of thoroughgoing reform.

"The Bullitt Bill has done much for Philadelphia, but much more remains to be done. It is very gratifying to find the good work of the graduating class of the Wharton School in their careful study of our city government in the volume of essays lately printed. Some member of some future graduating class profiting by the instruction there received, may yet hit upon a plan for such reforms as will secure for Philadelphia that administration of its needs and its resources that will best meet the question that has as yet

remained unanswered—how to govern this city so that it shall be as wholesome, as attractive, as well administered as Berlin. Dr. Rowe has contributed greatly to our better knowledge of what has been done there and how it was done, and I trust that we shall all benefit by what he has said, and that his paper may be printed and widely distributed, so as to be a contribution to the need for information on the subject."

Rev. W. I. Nichols stated that he had listened with much pleasure to the address of Dr. Rowe, and remarked that in addition to the very just criticisms of municipal government as exhibited in American cities, and especially in Philadelphia, in the matter of the supply of water and gas, and in the care of the streets, and in providing means of transportation, a still more serious evil exists in regard to the conduct of the schools. There is hardly any other large city in America in which is maintained so bad a system of management of the schools. In every ward there is a board of school directors having charge of the schools in that district, and to a very great extent the boards of the different districts are independent of one another. This means that the schools of Philadelphia are controlled by a body of nearly five hundred men, and as the position of school director is usually considered a political office, men are chosen with very little regard to their interest in education. An election to a district school board is sought as a step in the course of political advancement.

Very many of the members of these local school boards are entirely unfit for the duties which should be performed by them. And this evil is more detrimental to the city than any of those which relate chiefly to the material condition of the people. A good system of education for the young is at the foundation of all prosperity for the coming generations of the city's inhabitants.

The fundamental cause of the mismanagement of American cities is the bringing to bear of national and State politics

upon the election of city officials. And the duty for those who would reform and purify city government is to make clear and generally understood just how this mingling party politics with municipal business must necessarily cause corruption. There are many honest citizens who do not see why this must be so. They have become so accustomed to the choice of city officials on a basis of party politics that they regard it as disloyalty to the principles in which they believe to ignore them in electing men to conduct the business of the city. If once they could be freed from this utterly unfounded tradition, and if they could be induced to consider candidates for city offices irrespective of their views on national and State politics, with which the officials of a city, as such, have nothing to do, there would not be great difficulty in selecting men who would manage the affairs of the city honestly and wisely. The number of citizens who desire good city government is much greater than of those who have anything to gain from a corrupt administration of municipal affairs, but so long as the few who have controlling influence in the party machinery can rely upon the adherence of the members of their party they will secure the nomination of men for municipal offices whom they can use for selfish ends. Once let the honest voters of a city agree to disregard political questions—which are entirely irrelevant to the questions at issue—and the political parties would be obliged to nominate good candidates for city offices, or such would be nominated independently and elected. The separation of party politics from municipal business, is the motto for those who would promote municipal reform and obtain good city government.

Professor Simon N. Patten called attention to the fact that the real difficulties of city government lay in the subjective environment of the American people and were due to the instincts inherited from past times when the social and civic life was determined by other conditions. The strong social instincts of the Anglo-Saxon race relate to space conditions.

The principle that every man's house is his castle is dear to every American, and illustrates how we have preserved independence and liberty by keeping the social world beyond prescribed boundaries.

National liberties also, rest on what may be called space instincts. The Strait of Dover has saved England from many a disaster, while the broad ocean and the nearness of the mountains to our eastern coast were the determining factors in securing our independence.

We come, therefore, into modern city life with strong space instincts through which home life is emphasized. The demand is strong for isolated houses, for single families in which the instincts of country life may be preserved. Our residence regions might be called condensed farms, as in some way the peculiarities of farm-life show themselves in every home both in the form of the house and the habits of its occupants.

To preserve these peculiarities and to make them as obvious as possible is the cherished object of every family. The income of the family is, therefore, largely used for these ends, leaving little or no surplus for the bettering of the outer conditions upon which the civic life depends. A man, for example, in the morning eats his breakfast, reads his paper and has his family intercourse under as isolated conditions as if he were on a farm and would be strongly moved if this quiet were disturbed in any way. But he will leave this isolated atmosphere and ride to his business-place hanging on to the steps of a crowded street-car without the slightest feeling of inadequateness. Were his civic feelings as strong as his home feelings, his outer civic relations would be revolutionized. Good government is a matter of feeling and instinct and not of mere business. No mechanical devices can create good government. The only hope rests in developing as deep and permanent feelings and instincts about civic life as have been developed already in our home life. These new civic feelings show themselves plainly in German city life,

and that is why the study of the conditions of Berlin is for us so valuable.

Professor Joseph French Johnson said he wished Dr. Rowe had indicated the causes to which, in his opinion, Berlin owed the excellence of its administration. If it is wholly due to the fact that the citizens of Berlin are full of civic pride and not neglectful of civic duty, then the question arises, by what means were the people of Berlin brought to this state of mind and conscience? In American cities it seems almost impossible to arouse the people to any interest whatever in purely local issues, and in consequence the government of cities, with all its patronage, is in the hands of professional politicians, who use its offices and revenues to run the machinery of national politics. Why is the case different in Berlin? How does it happen that the people of Berlin are determined that their municipal officers shall be wise, economical and business-like in the expenditure of public funds? If we know what has awakened the citizens of Berlin to a sense of civic duty and responsibility, we may get a hint that will be useful here at home. Professor Johnson was not inclined to agree with Dr. Patten that the habits and customs of Germans accounted for their greater interest in city government as compared with Americans, nor with Rev. Mr. Nichols in holding that the evils of American city government were owing to the intrusion of national politics. In cities governed under systems which scatter responsibility, each officer being able to shield himself behind a claim of incomplete jurisdiction or authority, so that no one man could be condemned as responsible for a particular evil, experience has partially justified the introduction of national politics into city affairs, for the people are thus able to fix upon a party the responsibility which they could not attach to any individual sinner. However, if a system of municipal government permits a definite apportionment of responsibility, as do the charters of Brooklyn and Philadelphia, for instance, there is no excuse for

dividing the people upon the lines of national politics in the selection of administrative officers. The presence of national politics in local affairs is not the real and responsible cause of poor local administration, but is rather one of the effects of the deeper lying cause, namely, the indifference and apathy of the people. The problem of municipal reform is twofold : first, we must get the best system, and second, the people must be made to feel that it is to their interest to put the best men into power. There must be aroused in the people, first, a civic consciousness, so that they may understand the relation between city government and their pocket-books, their comfort and general welfare; and, second, a civic conscience that will compel the performance of civic duties for the sake of others. Except by the education of the children and of the voter I know of no way to attain these results.

BRIEFER COMMUNICATIONS.

MONEY AS A MEASURE OF VALUE.*

In a paper in the *ANNALS* for January, 1893, on "The Theory of Final Utility in its Relation to Money and the Standard of Deferred Payments,"† the writer of this agreed with President Francis A. Walker that to measure value is not one of the functions of money. But further reflection has convinced him that President Walker is wrong, and that money does measure value, although it does it imperfectly. In the paper referred to it was said: "The proper function of money is not only to serve as a medium of exchange, and thereby to register ratios between values, but also to represent or indicate or reflect, not measure, values and total value. In performing this latter function money will also perform the function of a standard of deferred payments." It is the purpose of this paper to show that money not only represents but measures value. In fact, the success with which it performs the two functions is dependent upon the fulfillment of one and the same condition, namely, stability in its value. Under our present imperfect money system it performs both functions but poorly. Under the ideally "perfect money system" it would perform both functions with complete success; at the same time performing the function of a standard of deferred payments with complete success.

We will first address ourselves to President Walker's reasons for thinking that money is not a measure of value, but only "a denominator of value." His reasons are two: first, that value is a relation and not a quantity, and so cannot be measured; second, that "if money is to measure value it must itself possess value, as that which measures length or capacity possesses length or capacity."‡ And yet, says President Walker, money often has no intrinsic value whatever.

*[The present paper was submitted to the Academy but a short time before the death of Dr. Merriam, and therefore possesses the melancholy interest of being the last finished production from his pen. For a biographical sketch of Dr. Merriam, our readers are referred to No. 1 of the XII Series of the Johns Hopkins University Studies, as well as to pp. 453 and 647 of the current volume of the *ANNALS*.—THE EDITORS.]

† *ANNALS*, vol. iii, p. 483.

‡ "Money," p. 283.

In contending that value is a relation; that relations cannot be measured, but only expressed; and consequently that the phrase "measure of value" is a misnomer which were better abolished and replaced by the term "denominator of value." President Walker is holding to the older theory of value that made value synonymous with ratios of exchange, or with the power in exchange, the purchasing power,* based on these ratios. "The ideal money of the older writers was," in the words of the *ANNALS* paper referred to, "conceived in conformity with the idea of value as a relation." But "opposed to the conception of an ideal money founded on value as relation stands the true conception of ideal money founded on value as quantity." Value in the primary sense, true subjective value, or final utility, is quantity, and therefore can be measured. Goods exchange in the market inversely as their subjective values. Exchange ratios, or objective values as they may be called, are not quantities but relations between quantities. They, of course, cannot be measured. But that it is final utility or subjective value, and not objective value with which discussions concerning the measure of value have to do is sufficiently obvious to require no proof.

We come to President Walker's second contention that as money need have no intrinsic value whatever, no value "in the sense of the economists," that is, no cost of production, the measuring of value cannot be accounted one of its functions. For he apprehends that the term "common measure of value" has no significance † except it be this—that the cost of producing money "is compared with the cost of producing the commodities against which it is exchanged." We fully agree with him that "it is not the office of money to measure values in any such sense" as this.‡ But President Walker is inconsistent with himself. On his own showing value is not necessarily proportional to cost of production. "We must," he says, "get rid decisively of all remnants of the notion that things exchange on a basis of equality because they have cost equal amounts of labor. . . . It is simply a question of the demand for an article and the supply of it. The cost of production only comes in as influencing the supply. . . . If this be so where goods are exchanged for goods it is not the less so where goods are exchanged for money."§ And

* It may be remarked in passing that to define value as purchasing power is to define value in terms of itself: the value of a thing is its capacity to exchange for other valuable things. No explanation whatever as to *why* things are valuable and no indication whatever as to *how* valuable they are is afforded by such a definition.

† "Money," p. 285.

‡ "Money, Trade and Industry," p. 37.

§ "Money," p. 286.

yet according to President Walker, "a paper money expressing simply the will of the sovereign or accepted irrespective of any intrinsic worth by the general consent of the people," though it "may serve as a medium of exchange, and if confined within the limits of money of gold or silver may remain without necessary depreciation," is nevertheless "destitute of value in the sense of the economists."*

No one has argued more forcibly than President Walker that whatever does money-work is money, no matter whether it has "intrinsic" value or not. The use of the word *intrinsic* betrays a misconception. No value is intrinsic or absolute, but all value is relative—relative to human wants. Whatever satisfies human wants, whatever subserves human ends, providing it does not exist in unlimited quantity, is valuable and nothing else is valuable. There needs no proof that money is valuable whether it cost much or little or nothing at all. Its claim to the possession of value rests upon precisely the same basis as the claim of anything else, namely, upon its utility taken together with its scarcity. If it be composed of inconvertible paper, its utility as money is its only utility. But if it be composed of the precious metals, its utility as money is of course not its only utility.

We conclude then that the function of measuring value cannot be denied to money on the ground that it does not itself possess value.

If money measures value it does so in and through the fact that it is the universal medium of exchange. In the process of buying and selling everything is brought into contact with money, the value of everything is compared with the value of money and expressed in terms of money. It is true that as respects any given transaction the value of money is to some extent dependent upon that transaction as making its contribution to the money demand. But this contribution is a small one and we can conceive of the dollar as coming to any particular act of sale and purchase with its value already determined by the great mass of transactions.† As far as any particular act of sale and purchase is concerned the value of the dollar is virtually as independent of that act as the weight of the pound disc is independent of any particular act of weighing. And it is virtually as intrinsic.

This suggests the interesting and instructive analogy that exists between value and weight. Weight is due to the attraction of the earth's mass: value is due to the attraction, so to speak, of the human mind. Just as the earth's mass pulls at the pound weight, which pulling we call the force of gravity, so the human mind pulls at the dollar, which pulling we may call the valuing force. If the mass of the earth

* *Ibid.*, p. 298.

† If the money material be the precious metals, their use in the arts will of course help to determine the value of the dollar.

is constant, the force of gravity will be constant and the (absolute)* pressure exerted by the pound weight will be invariable. So, if the valuing force of the human mind is constant, the value of the dollar will be invariable. But while the mass of the earth would appear to be pretty nearly constant and the pressure exerted by the pound weight in consequence invariable, invariability cannot be predicated of the value of the dollar. The value of the dollar is equal to the value of what it will buy, and this is a variable. This variable depends on the one hand upon the number of physical units of goods which the dollar will buy, and on the other hand upon the value of a unit. That is, it depends upon the "purchasing power" of money as reflected in prices and explained by Mill and the other economists, and upon the general level of final utilities.

But for money to perform perfectly the functions of a representative of value, of a measure of value and of a standard of deferred payments, its value must be stable. The conditions of stability are "the materialization, as it were, of the ultimate unit of value and its practical application to the measurement of value," and "such regulation by government of the amount of money that prices and total price shall correspond exactly with value and total value." For a discussion of the obstacles to the realization of these conditions, the writer would refer to the paper in the *ANNALS* already mentioned. These obstacles are at present insurmountable and may always be so. But, supposing them surmounted, money would be a perfect representative of value—a perfect measure of value and a perfect standard of deferred payments.

L. S. MERRIAM.

AN UNFINISHED STUDY BY DR. MERRIAM.

In addition to the paper on "Money as a Measure of Value," Dr. Merriam, just before his death, had in hand a more extended paper on a similar subject. It would have replied to Professor Ross' paper on "Money as a Standard of Deferred Payments," and would have carried the discussion to some ulterior conclusions not reached, as yet, in the published papers. If his notes had been more complete it would have been best to print them without change or comment. They would have represented, in a direct way, Dr. Merriam's view, and would have afforded, to a discerning reader, an idea of the character of the article that was taking shape in the author's mind, as well as an idea of the fruitfulness of the further work that this brilliant young economist had immediately before him.

* Absolute, because whatever the force of gravity the relative pressure of the pound weight will be invariable, the earth's attraction being exerted uniformly on everything in proportion to its mass.

As the notes are too incomplete to be thus published, I can do no more than to present, in Dr. Merriam's words, where this is possible, the points to which he had given a somewhat full expression.

Of the "final utility" standard of deferred payments Dr. Merriam says that it should not be judged on the supposition that the final utilities of articles consumed necessarily grow less as incomes increase. They may do this; but is not to be assumed that they necessarily will. If the influences cited by Professor Patten in his recent paper on "Cost and Expense" are present in sufficient force the final utilities of articles consumed may even rise. Goods may increase in quantity, and influences that are at least possible may still make the utility of the final increments of them larger than they were before the increase took place. The objection to the value standard of deferred payments that is based on the supposition that final utilities necessarily fall with growing prosperity is, therefore, not valid.

An objection to any standard that may be based on total utility is the fact that the first increments of many things consumed have an importance that is beyond computation. If general comparisons are to be made between the total utility of the articles consumed by society at one period and that of the articles consumed at another period, the process encounters the difficulty that the figure which expresses the measure in both cases is infinity.

Concerning the allegation that a man who has bought a thing for consumption would not relinquish it for what he gave for it, Dr. Merriam notes that this is only saying that he would not undo an act of production. If the shoemaker were to take back his shoes, and relinquish the food, clothing, etc., that he has obtained in exchange for them, he would relinquish his part of the gain that society realizes by exchanges. Almost the entire gain that comes from production may depend on exchanges, and be neutralized if the exchanges fail to take place. If division of labor were to continue, and if exchanges were to cease, the total subjective satisfactions of society would become almost infinitely less, as each man would have a superfluity of the things that he would not want, and scarcely anything that he would want. Before exchanges take place total utility is exceedingly small. After them it is great; and it is greatest when exchanges have been carried to exactly the right extent. In estimating the market value of the things that a man produces, we take for granted the fact that commerce will take them to the points where they will yield the maximum of benefit. We assume that the concrete things that a man makes will diffuse themselves through society, and find their way to the places where they will do the most good. We give them credit for this ulterior service that they will, by means of exchanges, be

enabled to render, when we estimate their value in the hands of producers. Value vanishes when the system of exchanges is anywhere impaired. As Jevons and Marshall have indicated, it is the very essence of the philosophy of exchange that the parties to it gain up to the very point at which they stop exchanging.

Anticipating and, as it were, discounting this gain, a man may impute a high productivity to his own labor, though he is engaged in producing things that he does not want. The shoemaker's virtual product, in so far as he himself is concerned, is not so many dozen pairs of shoes in a year, but a few pairs of shoes, two or three suits of clothes, a certain amount of food, etc.

From the social point of view the effect of exchange in creating value is also anticipated and discounted. Value is imputed to the vast number of things that are passing through the hands of a series of producers, notwithstanding the fact that if they were to stay where, at the moment, they are, that value would be nearly annihilated. As food has a value to the body before it is eaten, because we know that when it is eaten it will be properly apportioned among the different members, so goods of every kind have value to the social organizer as a whole, because we are able to count on the fact of a proper distribution of them to the members of society.

Citing Professor Ross' assertion that "total value is a legitimate conception and has meaning" when goods are "en route to the consumer," Dr. Merriam prefers to say that the expression has meaning to those who go through the mental process of supposing that the goods have already reached their consumers. If by any chance they should stop on the way, most of the value would vanish.

By his study of the nature of the exchanging system, on which the value of an article, even to an individual producer, depends, and on which the value to society of the mass of products in the workshops of society also depends, Dr. Merriam is led to accept the view that value is social. To different individuals the final utilities of things are different. The possession of great wealth causes one man to value his final increment of a thing very little; while poverty may make another man value it highly. Differing tastes are an element in the comparative estimates made of the same list of articles by different men. Some value the article A more than the article B, while others value B more than A. Each man has what, in graphic representation, is his "utility curve;" and no two of these will be alike. By reason of free exchanges there is an economic resultant from the action of many consumers and of many producers. An article has a final utility to society; and it is on the basis of this final social utility that articles are exchanged in the market. Dr. Merriam had given

earnest and fruitful thought to this phase of the subject, but the notes that he had made do not record the full results that he must have reached. He notices, however, that where a debtor returns to his creditor a smaller value than he has received, there is a probability of a certain derangement, whereby all society suffers. The total utility of things consumed by all men becomes, in the aggregate, less.

There are a few other notes specifically referring to points in Professor Ross' paper. These if published in a fuller and more connected form, would make the bearing of the foregoing argument, on the questions at issue concerning the proper standard of deferred payments, very clear. To the reader who compares the papers already published with each other and with the fragmentary argument above given, the bearing of that argument will be plain. It is known that Dr. Merriam had in mind a statement of the relation that money bears to the different standards proposed for deferred payments. He would have shown that, as a tool of the market, money can express valuation, but never total utility. He would have offered a powerful argument in favor of the value standard for deferred payments, in contrast with the standard that requires the return by a borrower of the same kinds and quantities of goods that he has received, or again, one that requires the return of the same total utility that was borrowed. Even in its incompleteness the reasoning on this general point merits close attention. It will yield large fruits to the reader who will try to complete it.

Amherst College, Mass.

JOHN B. CLARK.

SCHOOL SAVINGS BANKS

The general interest manifested in our school method of inculcating economy and in the results of systematic saving in the public schools is assurance that further record of its steady progress will be of value to members of the Academy.

Up to April, 1893, when we collected the last statistics of the work in the United States, there were 325 public schools using the School Savings Banks system, the deposits of the pupils at that date being \$350,634.62. Several schools have since taken up the system as described in a paper published in the ANNALS of July, 1892. These schools, now numbering about 340, with three or four exceptions, administer the system in close line with the given details, and report most satisfactory and encouraging results. The work and responsibility of administration was minimized for the teacher by close study by the founder of this system, and though individual school authorities may find slight local differences advantageous they accept with generous approval the easy method, as adapted from the French, of administering School Savings Banks.

In Pueblo and Trinidad, Colo., where the first school collections were taken January 9, 1893, and March 6, 1893, respectively, an interest of five per cent is allowed the children (the usual rate being three). This was of course a courtesy on the part of the bank officers. The School Savings Banks, as fostered in South Pueblo schools by ex-Governor Alva Adams, president of a savings bank in that city, make very good showing, the deposits from January, 1893, to April, 1893, being \$2099.69. The pupils in the school number 1900, of whom 475 were depositors. Of the amount deposited in the three months, \$97.85 was withdrawn, leaving \$2001.84, an average of \$2.81 as individual savings to the account of each pupil. In Pueblo interest is given when a pupil's account reaches \$3.00. In Trinidad it begins when the sum is \$1.00. The general arrangement throughout the States is three per cent when the individual account reaches \$3.00. Bankers say that even at this rate the keeping of so many small accounts does not pay, but from a business standpoint they count the value of future customers.

Wamego, Kan., took up the School Savings Banks system March 20, 1893, and report full satisfaction. North Dakota has recently introduced the system into the schools of Portland, Caledonia, Wahpeton, Casselton, Lisbon and Cooperstown, while other graded schools in the State are preparing to follow. The State Educational Board of South Dakota was considering with approval methods for general introduction there at last hearing. The work seems most thoroughly settled in Montgomery County, Penna., where it is now used in fifty-four schools. During the last year it was taken up by all the schools in the populous district of Lower Merion, which includes Bryn Mawr and other suburban residence points contiguous to Philadelphia.

The recognized educational factor is filling its given intention, the diffusion of self-dependence, honesty and thrift. Its simple aim is to give the boy and the girl familiarity with money and its best uses, to do away with extravagance, helpless ignorance and pauperism. This lesson should be impressed from time to time on the children in the administration of the system that they may appreciate the value of the privilege extended them.

In a paper by Mr. W. T. Harding, in the September, 1893, *ANNALS*, relative particularly to the School Savings Banks in Bloomington, Ind., where the children's deposits are made in the Workingmen's Building Loan Fund and Savings Bank Association, he speaks of the high rate of interest allowed on them. This may be additional encouragement to the pupils to save, but as he so well appreciates, it is the habit of thought while keeping the savings perfectly secure we

desire to establish, and whether the interest be large or small, regularity of method is of primal value. I note also an influence that when a pupil's deposit reaches \$3.00 he then makes deposits directly with the banks. In all the schools the deposits and withdrawals are made wholly through school authorities. The pupils have no direct relation with the bank unless it be during vacation, when if withdrawals chance to be desired, the signature of the school principal and parent is required in addition to that of the pupil. The school principal or teacher cannot at any time personally withdraw or have the use of the school deposits.

Some teachers become so interested in the accounts of their pupils as to receive amounts during vacation. A school principal in Collegeville, Pa., sat Monday morning an hour, fortnightly, last summer, to receive the little savings and earnings of his pupils, because a few expressed wish for such opportunity. Such devotion to the cause is of course exceptional, but the manifest sympathy and practical enjoyment evinced by teachers and school authorities where the system is in use, assure its still further success and lead us to hope such instruction will become a required part of the school curriculum, as it is in France and some other European countries.

Some beneficiary and private institutions have recently accommodated this system of inculcating economy to their several needs. Professor Fetterolf, President of Girard College, introduced it into that college a few months ago, having the boys under supervision make deposits directly with a savings bank. President Fetterolf expresses himself as much pleased with the result.

The proportion of depositors in the public schools where the system is in use number about two-fifths of the pupils in attendance. Of the 90,072 on the school registers, where School Savings Banks are in use, 36,810 are depositors. As the proportion of depositors increase the benefits of the work widen. It is not how much any one pupil deposits or how much interest he gets for his money, but how many have accounts and how thoroughly the principles of thrift, economy and business forethought that is of the greatest moment. The power of uniting little sums, that might otherwise be wasted or lost, until they become the foundation of wealth, the self-dependence of earning and possessing, the delight of giving and the development of a helpful responsibility which makes happier and better not only the child, but more skillful to cope with every-day life, the man or woman he or she will soon become is what we aim, through the School Savings Bank, to cultivate.

SARA LOUISA OBERHOLTZER.

Norristown, Pa.

PERSONAL NOTES.

AMERICA.

The distinguished historian George Ticknor Curtis died in New York March, 1894. Mr. Curtis was born at Watertown, Mass., November 28, 1812. He was a graduate of Harvard of the Class of 1832. In 1836 he was admitted to the bar and practiced his profession in Boston until 1862, when he removed to New York. In Boston he was United States Commissioner, and made himself obnoxious to the Abolitionists by his enforcement of the Fugitive Slave Law in 1851 in the case of Thomas Sims who was returned to his master by Mr. Curtis' orders. For a brief period, he was a member of the Massachusetts Legislature but he was never deeply engaged in political life. His earlier writings are almost exclusively legal, but in later life he turned with preference to constitutional and historical studies. His works are :

- "*Digest of English and American Admiralty Decisions*," 1839.
- "*Digest of the Decisions of the Courts of Common Law and Admiralty in the United States*," vols. ii and iii, 1840-46.
- "*Rights and Duties of Merchant Seamen*," 1841.
- "*American Conveyancer*," 1846.
- "*Law of Copyright*," 1847.
- "*Law of Patents*," 1849. Fourth edition, 1873.
- "*Equity Precedents*," 1850.
- "*Commentary on the Jurisprudence Practice and Peculiar Jurisdiction of the Courts of the United States*," two vols., 1854-58.
- "*History of the Origin, Formation and Adoption of the Constitution of the United States*," two vols., 1855-58.
- "*Life of Daniel Webster*," 1871.
- "*Life of James Buchanan*," 1883.
- "*Creation or Evolution*," 1887.

AUSTRIA.

Vienna Agricultural Institute.—Dr. Wilhelm Neurath was appointed in the fall of 1893 Ordinary Professor of Political Economy and Agrarian Statistics at the Hochschule für Bodenkultur, in Vienna. He was born May 31, 1840, at Bur-Sanct Georgen in Hungary. Without the aid of a school or a teacher he obtained his early education, and acquired especial distinction in higher mathematics. When he was twelve years old he was thrown upon his own resources for the support not only of himself, but of younger brothers and sisters. His

days were devoted to gaining his livelihood as a tutor, and it was only at nights that he could devote himself to his private studies. On obtaining the certificate of maturity for university studies he was entered in 1866 to 1870 as a student successively in the medical, legal and philosophical faculties in the University of Vienna. In 1871 he secured from that university the degree of Doctor of Philosophy, and in 1880 from the University of Tübingen the degree of Doctor of Political Science. In 1881 Dr. Neurath became Privat-dozent in the Technical High School at Vienna, and in 1889 Extraordinary Professor at the Agricultural Institute. His publications have been very numerous, including beside an extensive contribution to the periodical press the following:

- "*Schutzzoll und Freihandel.*" Pp. 77. 1877.
- "*Der Sozialphilosoph Quesnay.*" Pp. 44. 1881.
- "*Turgot als physiokratischer Staatsmann.*" Pp. 30. 1882.
- "*Adam Smith im Lichte der heutigen Staats- und Sozialauf-fassung.*" Pp. 48. 1882.
- "*Darwinismus und Sozialökonomie.*" Pp. 77. 1879.
- "*Volkswirthschaftliche und sozialpolitische Essays.*" Pp. 521. 1880.
- "*Die Funktion des Geldes.*" Pp. 208. 1879.
- "*Grundzüge der Volkswirthschaftslehre.*" Pp. 337. 1885.
- "*Eigenthum und Gerechtigkeit.*" Pp. 31. 1884.
- "*Das Recht auf Arbeit*" und "*das Sittliche in der Volkswirth-schaft.*" Pp. 58. 1887.
- "*Moral und Politik.*" Pp. 25. 1891.
- "*System er sozialen und politischen Oekonomie.*" I Heft. Ein-leitung, Pp. 64. 1889.
- "*Elemente der Volkswirthschaftslehre.*" (2d revised edition.) Pp. xxvi and 487. 1892.
- "*Die wahren Ursachen der Ueberproduktionskrisen sowie der Erwerbs- und Arbeitslosigkeit.*" Pp. 37. 1892.
- "*Das Sinken des Zinsfusses, sozialökonomisch gewürdigt.*" Pp. 54. 1893.

FRANCE.

Paris.—Edmond Renaudin, a prominent writer for the *Journal des Economistes*, died at Paris, November 29, 1893. He was born October 20, 1832, at Paris, and pursued his studies in the Faculty of Letters at Paris. He devoted himself to library work, was secretary to the director of the National Printing Office, 1869-73, was connected with the National Library 1873 to 1876, and from the latter date to his death, with the Ministry of Public Instruction and the Library of St. Genevieve.

Besides collaboration in "*L'Annuaire de l'Economie politique et statistique*," M. Renaudin published guide books, prepared statistical tables for the *Journal des Economistes*, and published the bibliographical articles in the *Nouveau Journal des Connaissances Utiles*, during its ten years' existence. He translated from the Italian "*Des finances de l'Italie*," 1868.

ITALY.

Naples.—The death is announced of Alberto Errera, Professor (*incaricato* *) of Commercial and Colonial Economy and Statistics at the University of Naples. Professor Errera was born at Venice, April 14, 1842, studied law at the University of Padua, and taught political economy with distinguished success at the Technical Institutes at Venice, Milan and Naples. He was also Professor at the University of Naples. His principal works are as follows:

- "*Storia e statistica delle Industrie Venete*." Venice, 1870.
- "*Tabelle statistiche e documenti*." Venice.
- "*Storia dell'Economia politica nei secoli XVII e XVIII negli Stati della Repubblica Veneta*." Venice, 1877.
- "*L'Italia industriale, con particolare riguardo all'Adriatico superiore*." Turin, 1873.
- "*Le nuove istituzioni economiche nel secolo XIX*." Milan.
- "*Le Finanze dei grandi comuni*." Florence, 1882.
- "*Elementi di Economia politica*." Milan, 1887.
- "*Istituzioni industriali popolari*." Turin, 1888.
- "*Manuale delle piccole industrie*." Milan.
- "*Le operazioni de credito agrario e le cartelle agrarie*." Verona, 1889.
- "*Il Nuovo Codice de Commercio del Regno d'Italia*." Florence, 1883.
- "*I Magazzini generali, le note di pegno e le fedi di deposito nella storia, nelle consuetudini e nella legislazione*." Venice.
- "*La Riforma del Credito fondiario*." Turin, 1886.
- "*Daniele Manin e Venezia*." Florence, 1875.
- "*Elementi di etica e diritto*." Naples.

JAPAN.

Tokio.—Dr. Adolph von Wenkstern was appointed in August last Extraordinary Professor of Political Economy and Finance at the Imperial University of Tokio, to fill the vacancy caused by the death of Professor Ugo Eggert. Professor von Wenkstern was born October 4, 1862, at Gross-Tippeln in the province of East Prussia. His early

* See ANNALS, vol. I., p. 638, for description of this grade.

education was obtained in the gymnasia at Hohenstein in Prussia, and Münster in Westphalia. From 1880 to 1885, he was an officer of the German army. In the latter year he retired and became a tobacco planter on the island of Sumatra. Returning to Germany in 1890, he pursued economic studies at the Universities of Munich, 1890-91, and Berlin 1891-93. At the latter University he secured, July 13, 1893, the degree of Doctor of Philosophy, and was appointed to the professorship at Tokio August 15, entering upon his duties in November last. Professor von Wenkster has written:

"Le Play," Schmoller's Jahrbuch, 1894.

BOOK DEPARTMENT.

REVIEWS.

Die Entstehung der Volkswirtschaft. Six Lectures by Dr. KARL BÜCHER, Ordinary Professor at the University of Leipzig. Tübingen: H. Laupp. 1893.

One misses in this volume continuity and coherence, and this in the work of a skilled economist is an undesirable defect. The book consists of a series of lectures given at divers times and in divers manners, though most of them are recent. Neither has Doctor Bücher taken the pains to hide the lecture appearance of his six chapters, but has printed them just as they were originally delivered. The distraction and annoyance caused to a reader when every now and then he comes across phrases and mannerisms that remind him that what he reads was not meant to be printed, but to be spoken in public, are a standing grievance; and it must be allowed that those who hold decided opinions on the subject of literary purity are justified in giving voice to their complaint. The defects pointed out are the more to be regretted since they were not unavoidable, and since this book contains several essays of real importance. The pieces deal respectively with (1) the origin of political economy; (2) the systems of industry according to their historical development; (3) the division of labor and the formation of social classes; (4) the beginnings of the newspaper press; (5) the social relationship of the population of Frankfort in the Middle Ages, and finally (6) internal migrations of population and the growth of towns, considered historically.

The chapters of greatest value are decidedly the first three. Doctor Bücher's position appears to be midway between the historical school as represented by Roscher and the State Socialistic school as represented by Adolf Wagner and Schäffle, though it is seldom that he clearly betrays his own relationship to the economic and social controversies which have agitated his country for nearly a generation. It is when he deals with the evolution of economic institutions and of economic science that Doctor Bücher is seen at his strongest and best. Thus, in the first chapter he gives us a good review of the development of the family and the State, the rise of towns, and the organization of agriculture, industry, trade and credit, as well as of modes of communication, personal and epistolary. More thorough, however, is his treatment in the following chapter of the development of industry from the life

of the primitive hunter, shepherd and fisher onward. Differing somewhat from some of his predecessors, he proposes the following sequence: (1) Production for Home Use (*Hausfleiss*), in which the members of a family, principally the wife and daughters, weave, spin and sew for domestic consumption the raw materials which the male members produce; (2) Paid Labor (*Lohnarbeit*), where the laborer prepares the material delivered to him in his house or workshop; (3) Handicraft (*Handwerk*), where the laborer possesses both his own tools and materials and works independently, selling his goods when finished; (4) the House Industry, as commonly understood, though Doctor Bücher prefers the term "Commission System" (*Verlagssystem*), where the raw materials are supplied for manufacture, and sometimes also the machinery and tools required; and, finally, (5) the Factory System, where we have to do with production on a large scale, known in Germany as *die grosse Industrie*, and with great aggregations of capital. Doctor Bücher takes a perfectly impartial position, yet he does not omit to notice the effect of this development upon the liberty, independence and material condition of the laborer at various periods. At the same time he objects to the view that any one mode of production can claim to be regarded as the natural and only ideal one, and especially warns his countrymen—and the warning is not unnecessary—against believing that the salvation of the working classes is to be found by either the expansion or the discouragement by artificial means of any of the foregoing methods. He holds, on the contrary, that endeavor should be made to maintain the merits and advantages which every historical system possesses, and to remove their defects and disadvantages. "For," he wisely adds, "this is the comforting result of every serious consideration of history: that no single element of culture which has once been introduced into the life of men can be lost, but rather that each and every one, even when the hour of its predominance has expired, continues in some modest degree to co-operate in realizing the great end in which we all believe, viz., the helping of mankind toward ever-improving forms of existence."

In reading this thoughtful work one may now and then feel that our author tends to become too dogmatic, as, for instance, when he tells us, as though it were the last word upon the subject, that exchange is so far from being a human instinct that antagonism to it is always peculiar to undeveloped peoples. Likewise in his careful investigation into the division of labor and the formation of classes. Doctor Bücher becomes as arbitrary in his objection to Schmoller's theory of the inheritance of personal characteristics as Schmoller himself is on the affirmative side. He considers Schmoller's theory as the proclamation of "a social philosophy of *Beati possidentes*," and adds:

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"It calls to the low-born who thinks he has in him the power to rise to a higher position: Abandon all hope; your physical and intellectual constitution, your nerves and muscles, the causal chain of many generations holds you fast to the ground. Your ancestors have for centuries been serfs; your father and grandfather were day laborers; therefore, you are yourself destined for a similar occupation." But is this the fact? Does not Doctor Bücher unconsciously exaggerate here and even miss the very kernel of the theory to which he objects? We fancy that most people who hold that heredity plays an important part in determining the destiny of the race will totally object to such a consequence as illogical and unscientific. What Schmoller and those who think with him would say is simply that, as a matter of fact and experience, people do act more or less in accordance with a certain law, but they do not pretend to say that they should necessarily conform to this law, much less that conformity to it is an obligation. Whatever virtue there may be in heredity, we do not get rid of free will, not to speak of other forces and influences which act powerfully upon conduct and character. To say that Schmoller's theory involves the conception of man as a slave to uncontrollable circumstances is altogether to magnify and distort the significance of a plain fact of observation.

The later chapters of the book are of less value, though they contain many facts and figures which will prove of service to the serious social student. We can warmly commend Doctor Bücher's work though not agreeing with all its conclusions.

WILLIAM HARBUTT DAWSON.

Introduction to the Study of Political Economy. By LUIGI COSSA.

Translated by LOUIS DYER. Pp. x., 587. New York: Macmillan & Co., 1893.

This work is intended as a second and much enlarged edition of the "Guide to the Study of Political Economy" which was translated and published in 1880. It is more than double the size of the older book, and is much more complete in every way. Especially do we note the enlargement in the account that is given of the contemporary economists. The edition of 1880 contained two chapters on that period, whereas the present edition contains eight chapters, one being given to each of the leading countries. The first general division of the work also, upon the definition of Political Economy, its relations to other sciences, its method, importance, etc., has been very greatly enlarged.

There is little, perhaps nothing, new to be said regarding the work. Every one knows the excellence of the introductory matter and the

remarkable range of reading and critical ability that is shown, especially in the historical part. In a work of this extent, the writing of which demands a knowledge of nearly all of the important modern languages and an acquaintance with the literature of many countries, there will naturally be mistakes of fact. For example we find on page 411 of the new edition that the unfinished work "*Die National-ökonomie der Gegenwart und Zukunft*" is ascribed to Professor Conrad of Halle. It was, of course, written by Hildebrand, Conrad's father-in-law and his predecessor in the editorship of the *Jahrbücher für Nationalökonomie und Statistik*. Conrad, indeed, at the time of its publication lacked the years and experience to write such a work as this. We notice again on page 476 that Carroll D. Wright is mentioned as if he had withdrawn from his position as head of the United States Bureau of Labor. Doubtless many such slight inaccuracies could be found. On the whole, however, considering the extent of the work and the number of details, its accuracy is deserving of high praise.

Probably few Americans who are personally acquainted with the economists of America would agree in all respects with the classification that is made of American economists. When we reflect, however, that the main source of information must have been the published work of the persons mentioned and that alone, it seems that Professor Cossa is justified in almost every instance in the classification that he gives. The same criticism might well be made regarding economists in other countries. Much more than a knowledge of the books that a man has published is needed, to estimate properly his worth and position as a scientist. One, however, could not ask more from Professor Cossa than a knowledge of the works of the writers criticised.

As a compendium of titles and authors with brief characterization of the works, the book is almost indispensable; while as a general introduction to the subject (I do not mean an exposition of the principles of the science) it is easily the best that we have.

JEREMIAH W. JENKS.

A Standard Dictionary of the English Language. Prepared under the supervision of ISAAC K. FUNK, D. D., editor-in-chief. In two volumes. Vol. I. New York: Funk & Wagnalls Co., 1894.

Compared, as regards the definition of economic terms, with *Webster's International Dictionary of the English Language*. Being Webster's Unabridged Dictionary revised and enlarged under the supervision of NOAH PORTER, D. D., LL. D. Springfield, Mass.: G. & C. Merriam Company, 1890.

There is nothing which gives the economist greater satisfaction than the present rapid increase in his reading and hearing public.

The public at large is to-day interested in economic and political questions, and is studying them with an ardor that no other practical science can awaken. For this reason those interested in the advance of the science and desirous of seeing sound doctrines obtain wide acceptance may well ask how the economic terms are defined by the dictionaries, the source from which the mass of readers obtain their conception of the meaning of the economic terms now so widely employed in the daily and weekly papers, the magazines and the sociological and political works dealing with practical economic problems.

The definitions of economic terms as found in "The Standard Dictionary," the first volume of which has so recently appeared, may profitably be compared with those given in the last edition of Webster—the "International," which came out in 1890. Webster's Dictionary is the one at present in widest use, and is the one which rightly stands highest in popular esteem; hence the comparison of the "Standard" and the "International" is the natural one to make.

The definitions of the economic terms in the "Standard" were doubtless made, or passed on, by Charles A. Tuttle, Ph. D., Associate Professor of Political Economy and International Law in Amherst College. He is the member of the "Standard's" editorial staff who is accredited with having that department of the work in charge. How fully he is responsible for the exact phraseology of the economic terms is doubtless an editorial secret. To whomever the credit may belong, the "Standard" has unquestionably defined these words more fully, and generally more accurately, though it has by no means accomplished all that might be desired. In comparing the two works, however, it should be borne in mind that the present rapid change and progress in economic science gives the last publisher the advantage even though there be but four years between the dates of issue of the books.

It will be impossible to compare more than a few of the definitions; but a few of the characteristic ones will tell as much as a larger number would. Webster defines economics to be "political economy; the science of the utilities or the useful application of wealth or material resources." This definition, perhaps unconsciously to the definer, comes very near stating the conception of the most recent economists; had the phrase "to the satisfaction of human wants" been added, the definition would have been a good one—a much better one than that given under the term political economy—"that branch of political science or philosophy which treats of the sources and methods of production and preservation of the material wealth and prosperity of nations." Funk's definition is more elaborate and more satisfactory:

"The science that treats of the development of material resources, or of the production, preservation and distribution of wealth, and of the means and methods of living well for the State, the family, and the individual; political economy." The explanation of the definition manifests the strength of German influence, and is worth quoting in full.

"Economics, regarded by earlier writers on the subject, particularly by English economists, as the science of material wealth, is now coming to be looked upon as the science of man's temporal well-being in the widest sense. Economics may be divided into three great branches: (1) *Pure Economics*, the science of value or exchange, which concerns itself only with general principles, and has often been restricted to purely material considerations; (2) *Social Economics*, which applies these principles to problems connected with the growth and well-being of organized society; and (3) *National Economics*, which studies them from the point of view of the statesman, and treats of such questions as the tariff, taxation, currency and public education. Economics has also been divided, since the early days of the science, into parts treating respectively of *production*, *distribution* and *consumption*."

Neither consumption nor distribution are defined as economic terms by Webster. Funk recognizes them both as having meanings peculiar to their use in economics. Consumption is declared to be "Destruction by use or useful expenditure"—a definition that seems to cover productive consumption. Distribution is defined as "That department of political economy concerned with the supplying or apportionment to individuals of that which has been produced or obtained by the community as a whole."

Capital is poorly defined by both dictionaries. Funk starts his definition well, by saying that capital is "Wealth employed in or available for production;" but in specifying its meaning more closely he confuses capital and wealth by declaring capital to be "The aggregate of the products of industry directly available for the support of human existence or for promoting additional production." Webster gives one bad definition from McCulloch, who is accredited with declaring capital to be "That portion of the produce of industry which may be directly employed either to support human beings or to assist in production," and one good one quoted from T. Raleigh, who says that "When wealth is used to assist production it is capital. The capital of a civilized community," he says, "includes *fixed capital* (*i. e.*, buildings, machines and roads used in the course of production and exchange) and *circulating capital* (*i. e.*, fuel, food, money, etc., spent in the course of production and exchange").

The word good as an economic term, in the singular number, is not defined by Webster. Funk defines a good as "Anything capable of satisfying human wants and having exchangeable value." The last phrase improperly shuts a free good out of the definition.

These illustrations need not be multiplied. The above are sufficient to substantiate the assertion that Funk's definitions of economic terms are better than Webster's, and that both are faulty.

Were one to criticise the "Standard Dictionary" as a whole, instead of in detail as above, he would surely congratulate the editors and publishers on the marked success of their great undertaking. Webster's Dictionary has long since won a deservedly high place; the "Standard" will take equal rank. The large corps of able men and the evident care with which they have done their work are assurance of the future popularity of the "Standard." As regards the type work and general form of the page there is little choice between the two works. Webster's page is, perhaps, the better of the two because somewhat smaller and less crowded. The illustrations in the "Standard" are superior to those in Webster. The lithographic work of the "Standard," particularly the plates of gems and decorations made under the direction of the art department of Tiffany & Co., may justly excite the pride of all Americans. Webster's arrangement of the material of the Appendix is preferable to that adopted by the "Standard," which I think has made a mistake in putting the biographical, geographical and historical names, etc., together into one alphabetically arranged list, instead of keeping them separate.

EMORY R. JOHNSON.

How to Study and Teach History. By B. A. HINSDALE, Ph. D., LL. D. Edited by Dr. W. T. HARRIS, U. S. Commissioner of Education. Pp. xxii, 346. New York: D. Appleton & Co., 1894.

The following are the topics treated in the twenty-three chapters: The Educational Value of History, The Field of History, Sources of Information, The Choice of Facts, Methods of Teaching, The Organization of Facts, The Time Relation in History: Chronology, The Place Relation: Geography, Cause and Effect in History, Physical Causes That Act in History, Human Causes That Act in History, The Teacher's Qualifications, Historical Geography: The Old World, Historical Geography: The New World, North America in Outline, The Colonization of North America, The Struggle Between France and England in North America, A Conspectus of the American Revolution, The War of 1812, The Territorial Growth of the United States, Phases of Industrial and Political Development, The Slave Power, Teaching Civics. The list of authorities attached to each chapter constitutes the most valuable collection in English pertaining to the teaching of history.

The profession has a right to expect a high grade treatise on the Pedagogy of History from the occupant of one of the oldest chairs of

the science and art of teaching in America. The author indicates in his preface that he aims to reach more particularly teachers of history in elementary and secondary schools. Two reasons justify this, (1.) The needs of these teachers are greater than those of the teachers above them. (2.) Little attention has been paid to meeting their wants in the way of methods of teaching history. It is true that great teachers of history have discussed the problem of history teaching in colleges and universities, and in this way have indirectly aided the teachers below, but very few have attacked the peculiar problem of history teaching in the lower schools.

The plan by which this purpose is sought to be realized is pedagogically correct: namely, to present the general principles and doctrines of history teaching in connection with the facts of history; not to divorce principle and fact, but rather show them in their living unity. (Rightly the author finds most of his illustrations in the field of American history—for with it most of his constituency will deal.) The separation of theory from practice is a common pedagogical sin; and it is largely due to much of the talk about teaching that seems to go nowhere; seems not to take hold of practice and control it and thus make it effective.

The order of chapters does not permit the perfect realization of the plan of keeping the doctrine and its concrete embodiment in closest union. An extended analysis of historical material should have furnished the basis for conclusions in regard to the nature of history, its educational values, criteria for selecting its facts, and the principles and process of organization. In failing to do this the author has fallen short of his own ideal of keeping theory and fact together. Definitions of history are of value only as they have working power. The definition of history is a conception of the subject obtained by the teacher in order that it may be used in directing the pupil's work. Such a definition can only be grown into the mind of the teacher from an intimate acquaintance with the subject itself; he must see that it embodies the very essence of the subject. But this cannot come from telling him what history is, but may come from letting him see what it is for himself.

The same fundamental defect is found in the discussion on the educational value of history. Why do teachers of history need to know its educational value? For two reasons at least: that this knowledge may throw light on the process of teaching history and may also justify the teaching of the subject. Especially with reference to the first purpose does this chapter fall short of what we ought to expect. To make educational values go for all they are worth, this grade of teachers must be made to witness, in their own minds,

the identical processes stimulated by history. The almost infinite distance between watching the mind perform the concrete processes involved in learning history and hearing or reading an enumeration of these processes can only be appreciated by one who has been the victim of the latter and has afterward been the agent of the former. For the teacher to watch the mind in the process of working its way through the subject is to give him an intelligent basis for reaching conclusions as to the processes and powers stimulated and as to the nature of the results both on the side of mind and on the side of knowledge. Then the teacher may know for himself in what form the subject stands in the learner's mind and what changes have been wrought in his mental life. There is no contention about the truth of the author's statement of the educational value of history; it is true. But it is firmly believed that if he, as a skillful teacher and a reputable historian, had taken a series of events and had analyzed the mental processes and products involved in their mastery vastly more would have been done for his constituency than all the wise saying of all the wise men quoted in this chapter.

The attempt to apply ready-made psychology to a subject as an explanation of its educational value or of the methods of teaching it is right in its intention but wrong in its method. Every subject furnishes its own psychology—an objective psychology that gives the true solution of educational value and methods of teaching. The sooner teachers realize this fundamental truth, the sooner will the profession possess a rational pedagogy of the various subjects of study.

It must not be inferred from the above criticism that Dr. Hinsdale has not produced a work of great value, for he has, and every teacher of history, as a professional duty, ought to study it.

W. H. MACE.

Histoire générale du IV^e Siècle à nos Jours, publié sous la direction de MM. E. LAVISSER et A. RAMBAUD. Tome I, *Les Origines 395-1095*. Tome II, *L'Europe féodale, les Croisades 1095-1270*, pp. vi, 805 and 987. Paris: Armand Colin et Cie. 1893.

There is a fascination in working with the sources of history, which is never felt by the compiler, who derives his materials from secondary books. Of course, it is impossible, without long years of study, to master the original records of more than a single epoch. Consequently, critical students usually prefer to record the results of their researches in monographs, long or short. But of those who are interested in history very few have time to read monographs. They demand that the results of this research shall be made accessible to

them in the smallest possible space. The strength of this demand is evident from the publication of two series on general history in French and English.

The plan of the two is quite different. In the French series each chapter is assigned to some scholar, who has made a special study of the subject; in the English* each volume is the work of one hand. Each method has its advantages. In the first each chapter is a monograph; in the second greater unity and continuity are possible. But let us examine the volumes of the French series.

The editors announce the purpose of including "the history of all races which have played a part in the great revolutions of humanity." "At the periods of their importance for general history will appear the peoples and races of Northern and Southern Asia, of the extreme Orient, of America and of Africa." It will be interesting to see how well this plan can be carried out. The following volumes are announced: The English Wars, the Renaissance and the Reformation, the Religious Wars, the Age of Louis XIV., the Eighteenth Century, etc. To the volumes which have appeared seventeen scholars have contributed. For those announced many more will lend their assistance. Consequently we have in this series an unequalled opportunity to study the methods and the ability of the French historians of the day. The names of Lavissee and Rambaud are a guarantee that the workmanship will be of a high order. They hold themselves responsible for the preservation of the necessary unity. So far their work has been well done. Frequent cross references enable us to piece out the fragments and to get a complete account of any topic discussed.

The price—only twelve francs—and the general appearance of the volumes suggest merely a popular presentation. But this idea is dispelled in the first chapter by the enumeration of the prefectures in the Roman Empire, covering ten pages. Evidently the work is intended to be helpful to scholars and as such we shall criticise it.

Detailed references to authorities or sources are omitted except in a very few cases. This is unfortunate. Specialists ought to consider it their duty to enable other scholars to verify and control their statements. M. Berthelot is the only one who has given any exact references and he has done so only in the first chapter. The bulk and cost of the work would not have been increased materially by such critical apparatus. But in these volumes the scattered references are indefinite and inexact. Vol. II, p. 161, "a German chronicler" is quoted; p. 141, "a chronicler of the time;" p. 134, "a contemporary Italian writer;" etc. It would have been as easy to give the name. Vol.

* "*Periods of European History.*" General Editor ARTHUR HASSALL, M. A. *Period I, A. D. 476-918*, by C. W. C. Oman. Macmillan & Co. 1893.

I, p. 92 and p. 473, Procopius is cited as an authority without a word of warning about his inaccuracies. Vol. II, p. 149, Otto of Freising is quoted for Frederic I's expedition in 1166; Otto died 1158. Vol. I, p. 308, we are cautioned against believing the monk of St. Gall; on p. 323 he is cited as an authority. Vol. II, p. 163, "an important passage of the chronicler Alberic" is quoted. Alberic's patchwork composition is of such a character that we can trust it only after careful examination, and anyone unfamiliar with the chronicle will surely waste much time, poring over its voluminous records in search of this passage. A little more care would have remedied these annoying defects.

The bibliographies are excellent. But in some the number of volumes in a work is given; in others omitted. Vol. II, p. 65, we are warned against Flach's books; on p. 477 they are given among the authorities. Villemain is treated in a similar manner. A reference to the 221 (sic) volumes of Migne's *Patrologia* (Vol. I, p. 46), for the "ecclesiastical writers" is rather unsatisfactory. It is especially noticeable how frequently the statement occurs, "There is no satisfactory work in French on this period." It would be equally true of English books.

Of the thirty-one chapters in the two volumes MM. Baget and Berthelot have each contributed six. M. Rambaud has written a single chapter on Southeastern Europe during the Crusades. He is particularly able to discuss this subject, and the treatise is full of interest and instruction. M. Lavissee also contributes a single chapter, discussing the formation of the papal power, etc., and the propaganda among the barbarians, 395-756. This discussion is even better than his articles on the same subject in the *Revue des deux Mondes*, 1885-87.

In general, the subjects are carefully handled; and the styles of the different authors, although varying greatly, are clear and attractive. In such an extensive work errors are almost unavoidable. Vol. II, p. 55, the number of days included in the Truce of God is stated much too small. Vol. II, p. 161, at the election of Lothair, 1125, there were forty electors—ten from each of the dominant races—not ten in all. Vol. II, p. 565, Henry III. did not proclaim a Truce of God, but a "Landfriede." Vol. II, p. 310, it is stated that Raymond of Toulouse already had Tripoli; on p. 313 there is an account of his obtaining it later. Vol. II, p. 327, Urban is described as very active after the capture of Jerusalem in promoting a new Crusade. He died within forty-eight hours after hearing of the fall of the holy city. The account of the Children's Crusade (Vol. II, p. 333, note 3), is very unsatisfactory. There is some exaggeration in the statement (Vol. II, p. 346), that the Crusaders "went to the East by millions."

A reader will be at loss to understand the course of the events described in Vol. I, p. 521, unless he already knows that Zwentibold was an illegitimate son. The proof-reading is carelessly done in places, Vol. I, p. 454, 114 is correct, not 116; p. 483, Sale, not Salle; Vol. II, p. 310, 1100, not 1110, etc. Mistakes similar to the above are too frequent. Occasionally an open question is decided in a dogmatic manner; *e. g.*, the date of the introduction into Europe of Arabic numerals, Vol. II, p. 193.

But these volumes are valuable, and we wish that they could be reproduced in English at the same price. It is because of the excellence of the whole that we have called attention to the faults in detail. The topics treated are well chosen, the illustrations are apt, and a due proportion is observed in the correlation of the parts. No specialist is allowed to ride his favorite hobby. The usefulness of the work is lessened, however, by the absence of maps and indexes. Genealogical tables are furnished. A very large portion of the volumes is devoted to "Kulturgeschichte." Many important questions of the later period have necessarily been relegated to the third volume. This will probably be of even greater value than those already published for the questions which concerned the life of the people.

D. C. MUNRO.

University of Pennsylvania.

Il malthusismo e i problemi sociale. By VITTORIO LEBRECHT, Torini: Loescher, 1893.

This interesting work proposes to examine by the light of scientific criticism the theory of Malthus and the principal objections that have been brought against it. The author turns his attention, first, to pointing out the irrefutability of the biological tendency as Malthus has shown it, and the necessity which devolves upon political economy to recognize it as a fundamental law. Lebrecht does not ignore the objections raised by various writers against this tendency; on the contrary he estimates them with praiseworthy impartiality; yet after careful examination he believes that they are not destructive of the theory, and indeed he is hardly disposed to grant that they exert even a modifying influence. He does not deny that the coefficient of procreation is essentially economic and that poverty is one of its potent factors; yet he affirms that the prolific action of poverty can be remedied by moral influences, which shall check the increment of procreation and adapt it to the sum of subsistence. Lebrecht affirms that the statement of Malthus that population left to itself is doubled in twenty-five years, seems to be confirmed by the example of the United States. Nor,

again, do the opinions of Malthus concerning the limit of the increment of subsistence seem to him to be the result of an excessive pessimism. He recognizes that emigration certainly is of influence in retarding overpopulation, that it does not, however, prevent it. He examines the objections brought by socialists against the Malthusian theories; he observes that some, for instance Marlo, recognize the full importance of the problem of population, while he regrets that others do not consider the question carefully. Schäffle treats it with too great carelessness; Lasalle and Turati do not discuss it all. Bebel speaks too superficially of the population and overpopulation of Germany; Zorli and Colajanni, of more moderate temper, flee before the conclusions that Malthus has drawn. Lebrecht institutes an acute inquiry into the views of all these writers, through which he reaches the following opinion: "To me it seems that Malthusianism ought to act as one of those functions which physiologists call *vicarious*; to which nations should have recourse under certain definite conditions, in certain economic and social events; that is to say, every country should always keep in mind the law of Malthus, applying it, however, only when it is found necessary to do so."

He gives attention then to the sociologists. Into their works and into their criticisms he makes careful inquiry. He studies Darwin's theories, and the celebrated theories of Spencer, who holds that the increase of population tends naturally to decrease as civilization advances; and he shows most excellently that facts contradict the statements, since, for example, in the United States where psychic tension and cerebral activity are very great, procreation is rapid and vigorous. Nor are the doctrines of other sociologists, Morelli, Schäffle, Lilienfeld overlooked. These searching criticisms prepare the way for Chapter III, which discusses the burning questions of Malthusianism in France. He rehearses the demographic conditions of the country, which result in an almost numerical stationariness; for while in Greece the annual increase in population is 19.8 per cent, in France it is but 3.8 per cent. He recognizes at the same time the flourishing economic condition of France, notwithstanding the frequent agricultural, industrial and financial crises through which the country has passed within the last twenty years. He believes that scarcity of population is not disadvantageous from a political point of view, for a small army of well-fed men conquers a large army made up of those that are hungry. Tracing then the causes of the limited procreation of France, Lebrecht observes that by some it is attributed to debility, by others to degeneration or to vice; he combats these various opinions, finding the cause in the neo-Malthusian practices which have been provoked by a desire for preserving a high economic position, or as

Dumont expresses it, by *social capillarity*; and he concludes that this restraint on procreation is essentially beneficent and worthy of encouragement. He studies neo-Malthusianism from a religious, hygienic and moral point of view, and he does not hesitate to recognize its injurious effects and its dangers; he holds that it is, however, the lesser of the evils and that it should be practiced, at least in its most harmless forms, in order to avoid an unrestrained excess of population, the source of great misery. But he considers that neo-Malthusianism should be practiced freely, not enjoined by the law, nor yet by the advice of the State. That the State should restrict itself to a purely economic function in facilitating exchanges and in the colonization of national lands.

Such are, in outline, the contents of this learned and interesting work. In many points I do not agree with the author. A strong opponent of neo-Malthusianism, I believe that overpopulation should be remedied by economic means, not by medical and physiological means. The criticism of my theories made by Lebrecht do not seem to me to be convincing. Yet the different doctrines advanced by us, in various grave questions, take nothing from the estimation in which I hold his book; it is to be judged as a notable contribution to the economic theories which are among the most difficult and the most debated.

ACHILLE LORIA.

[Translated by CORNELIA H. B. ROGERS.]

Abraham Lincoln. By JOHN T. MORSE, JR. American Statesmen Series, 2 vols. Boston and New York: Houghton, Mifflin & Co., 1893.

It is a striking tribute to Abraham Lincoln that interest in him does not lessen the farther we are removed from the scenes in which he was the central figure. Indeed, the wider the distance which separates us from this great character, the more wont we are to give him his true place in the catalogue as the "Supreme American of our History."

Among the many biographies issued, with Mr. Lincoln as a subject, this last will take immediate prominence. Mr. Morse, in his portrayal, has escaped the very natural veneration of the biographers Nicolay and Hay, and at the same time the extreme realism of Herndon.

There is great care manifested with regard to details and the careful arrangement of facts. No writer could have brought Mr. Lincoln's

childhood down to a lower plane of rude simplicity. Herndon seems to have had a predominant influence over the author in these chapters. The first gleam of improvement in Lincoln's environments comes after the marriage of Thomas Lincoln to the widow Sally Johnston. She induced her new husband to put windows and a floor in the cabin. She also strove to make her new husband's children "look a little more human."

It is to be questioned whether Mr. Morse has not kept the later life of Mr. Lincoln too much in the gloom because of the dark shadow cast round his youthful days. There is a peculiar dignity to be observed in the rudest of these pioneer homes which we often neglect to consider in the application of our present day scale of living. The process by which Mr. Lincoln grew into a rational stature was slow but unbroken. All things seemed to combine to form and transform him.

The volumes are deserving of much praise, especially those parts dealing with the time after Lincoln had become known to his own State. The careful description of the Lincoln-Douglass debates is notable; also the makeup of the Chicago Convention that nominated Lincoln for President. Mr. Morse aptly shows the political principles of Mr. Lincoln, in their superiority over the political trade-and-dicker ideas of the delegates by quoting the message sent David Davis: "Make no contracts that will bind me."

The author presents the political and military events connected with the later life of his great subject at length and with great clearness and fairness. Most commendable is the manner in which he shows Mr. Lincoln's striking individuality. The advice and criticisms of theorists, enthusiasts and extremists had but little effect on this "most advised man, often the worst advised man, in the annals of mankind."

The pages teem with illustrations of Lincoln's unselfishness, forgiveness, humanity, tolerance, lack of the display of personal triumphs and other marks of real greatness. President Lincoln's relations to his Cabinet may be cited as yet another of the striking interpretations in these volumes. There was always a readiness to listen to counsel, but instances are wanting in which the chosen line of action was materially varied. It was the inflexibility of strength and not that of obstinacy. Strictly interpreted, no other administration ever tended so much toward absolutism. But interpreting as does Mr. Morse, no man better understood the full significance of civil freedom than President Lincoln; no man ever did more to preserve and defend it.

J. A. JAMES.

The Future of Silver. By EDUARD SUESS, Professor of Geology at the University of Vienna. Translated by ROBERT STEIN, U. S. Geological Survey. Published by direction of the Committee on Finance, U. S. Senate. Pp. 101. Washington: Government Printing Office, 1893.

Fifteen years ago the author wrote his "Future of Gold," in which he predicted on geological grounds the rapid exhaustion of the accessible gold deposits in the earth's crust. The experience of fifteen years has not made him waver in his faith, though he has seen the fulfillment of his prophecies deferred by the discoveries of South Africa and by the extension of the alluvial gold fields of Siberia. Events, he holds, have demonstrated irrefutably the central truth of his position, the precarious nature of the gold supply. In its present quantity the gold production can only be kept up by the discovery of unworked fields. Old fields the world over show unmistakable signs of exhaustion. To the friends of a simple gold monetary standard he opposes all the facts of experience. The metal which they favor is yielded in constantly decreasing quantity, while the world demands a constantly increasing volume of money.

But what of silver? Does its production portend also a diminution, or as some would have us believe, an immeasurable increase? Great mines have ceased to produce. The Comstock Lode is little more than a memory. Broken Hill, in Queensland, continues its enormous production, but every year the ore grows poorer. On the other hand the mines of Mexico and South America, long as they have been known, have barely been more than tapped by the primitive methods hitherto in use. Such an outpouring of silver as occurred in the case of gold after the discoveries of California and Australia, seems in the highest degree improbable. But all the conditions under which the white metal is found confirm the belief that its production will continue to increase, though slowly and gradually.

We cannot pretend to follow the author in his geological excursion over the face of the earth, but may only note his conclusions. His pages contain an interesting picture of the various mining centres, both for gold and silver. But in this field any criticism of his methods belongs in other hands. The general reader must draw confidence from the scrupulous care with which authorities are quoted, and with far greater reason from the fact that the author's previous work stands practically unimpeached.

The work does not end with a statement of geological facts and prognostications, but draws conclusions from these for monetary science. His thought is clear and his statement incisive, but we are now treading upon familiar ground. His picture of monetary difficulties

in the leading nations is excellent, but need not detain us longer. Let us gather together some of the conclusions of this remarkable work. The gold output tends to diminish, the industrial demand increases and at present absorbs probably the entire current annual yield of the mines. With this the stock of gold in existence is usually largely overestimated. There results an insufficiency of gold, an inadequacy already felt in the gold countries, and which would be greatly intensified by a general adoption of the gold standard. The Pan-American idea is more than the dream of a fantastic politician. Were it realized with a common silver standard, America and Asia, with their teeming resources, would present a united front against Europe. Under conditions which are manifest to-day international bimetallism would be but a transition period enabling the gold countries gradually to adapt themselves to the use of silver currency. For, concludes the author, "the question is no longer whether silver will again become a full-value coinage metal over the whole earth, but what are the trials through which Europe is to reach that goal."

The conclusions are startling, but they merit attention. A careful reading of the book will certainly justify them, if the changed production of the precious metals foreseen by the author takes place before an efficient substitute for metallic money for the economic functions it now performs shall have been discovered. Who shall say that such a discovery may not take place? If we enter the realm of prophecy we cannot afford to neglect any of the possibilities.

In concluding this brief notice we should omit a pleasant duty if we failed to call attention to the uniform excellence with which the translator has acquitted himself of his task.

ROLAND P. FALKNER.

American Railroads as Investments. A Handbook for Investors in American Railroad Securities. By S. F. VAN OSS. Pp. xv., 824. New York: G. P. Putnam's Sons. London: Effingham Wilson & Co., 1893.

Compendium of Transportation Theories. Kensington Series, First Book. A compilation of Essays upon Transportation Subjects by Eminent Experts. Publication of series under direction of C. C. MCCAIN. Pp. 295. Washington, D. C.: Kensington Publishing Company, 1893.

Addresses Delivered Before the World's Railway Commerce Congress, held in Chicago, Ill., June 19-23, 1893, Under the Auspices of the World's Columbian Auxiliary of the World's Columbian Exposition. Official Report. Pp. 265. Chicago: The Railway Age and Northwestern Railroader, 1893.

It would be hard to conceive of a more useful book for students of transportation than the work by Mr. Van Oss. The author is an Englishman who set about to study the American railway as a whole, and our several systems of railroads in detail, in order that he might tell American and, especially, English investors just what sort of an enterprise American railroading is. Mr. Van Oss says: "The investor wants a clear and comprehensive digest of all important matters pertaining to the affairs of the numerous companies, individually and collectively; the trained financier needs historical, geographical and technical data to supplement his figures with." Let me add that this is just the information which the student must have who would investigate transportation from the standpoint of the economist.

The first hundred pages of the work are taken up with a discussion of the "Railroads and the Republic" and the "Railroads and their Rivals." This is the least satisfactory part of the book. The author portrays well the methods of management that unrestrained competition gave rise to, and the evil consequences that have resulted; nevertheless he thinks, "Competition is the soul of trade all the world over, [and] competition in transportation is the foundation, the foremost necessity, of commercial and industrial life." He condemns pooling because it "tyrannized over the public and deprived it of the benefits of competition." But Mr. Van Oss is by no means insensible of the harmful influence of excessive competition. He calls it "the great curse of the railroad system;" and when he makes the true and trenchant criticism of the Interstate Commerce Act that, "a law which endeavors to abolish discrimination, a consequence of competition, and permits competition itself to rage unabated is to say the least incomplete," we are prepared to hear him advocate the legal control of competition, not so, however. He does not think the solution of the problem can come by law. He thinks the attempts have thus far been unwise. He would not strengthen the Interstate Law. "It is fortunate, indeed," he says, "for the people as well as for the railroads that the act had from the outset such weaknesses as would prevent its being applied rigorously, and as would destine it to become a failure." Neither would he frame the law according to different principles; he does not think legal interference will solve the railroad problem. The solution must come from the railroads. The public has taught them that abuses can be punished; self-interest will lead

the railroads to abolish abuses. The improvement in the business *morale* of the railroads is at present rapid, and by means of consolidation they are eliminating the evil results of competition by restricting without destroying competition. This is a more roseate view of the situation than I am able to take. Consolidation is desirable, is inevitable, but it renders efficient governmental supervision none the less desirable, and essential to the best interests alike of the railroads and the public.

The denunciation of the ticket "scalper" is most justly made, and ought to be read by every member of Congress before he votes upon the bill recently introduced into the United States Senate to amend the Interstate Commerce Act by prohibiting "scalping." Likewise the chapter on capitalization is a very suggestive one. It is interesting to know that from the investor's standpoint the "much abused 'water' . . . was a real blessing in disguise."

The largest and the best part of the book is devoted to the description of our railroad lines and systems. He divides them into six groups, the Eastern, Central, Northwestern, Southwestern, Pacific and Southern. The description of each group is preceded by an outline of the geographical and industrial conditions of the States composing the territory served by the railroads of the group. The several systems of the group are then described; the history of their growth is briefly given, and their component parts are named and set forth with sufficient detail. Full financial statements of each road are given in tabular form. There are five colored maps by means of which the railroad systems of the country are clearly shown. They are an excellent feature of the book. The book as a whole is to be commended both for consecutive perusal and for reference.

Mr. C. C. McCain, the publisher of the "Compendium of Transportation Theories," is Auditor of the Interstate Commerce Commission. He has doubtless given more study than has any other man to the subject of freight rates and classifications. The able and exhaustive "Report Upon Changes in Railway Transportation Rates on Freight Traffic Throughout the United States, 1852 to 1893," which was included in the report made last year from the Senate Committee on Finance upon "Wholesale Prices, Wages and Transportation," was the work of Mr. McCain. Students of transportation owe Mr. McCain another debt of gratitude for this publication of the "Compendium of Transportation Theories." It contains thirty-four essays by men whom all recognize to be the very best authorities. There are three essays by Judge Thomas M. Cooley, one of them being his valuable discussion of the "Popular and Legal View of Traffic Pooling." Mr. McCain's article on the "Development of Railway Freight Classifications"

is fortunately included. Among the other writers are Senator Shelby M. Cullom, Professor Henry Carter Adams and Mr. Charles Francis Adams. This compendium will form an essential part of every good transportation library.

An equally valuable compendium of transportation literature is to be found in the volume containing the "Addresses Delivered Before the World's Railway Commerce Congress." The first third of the book is taken up by addresses on "Railway Law and Legislation," different phases of the subject being discussed by John F. Dillon, General Counsel Union Pacific Railway; W. G. Veazey and Martin A. Knapp, members of the Interstate Commerce Commission; Edward P. Ripley and John W. Cary, Vice President and General Counsel, Chicago, Milwaukee and St. Paul Railway Company; Alfred G. Safford, Law Department, Interstate Commerce Commission; and M. M. Kirkman, Second Vice-President Chicago and Northwestern Railway. These names suffice to show the character of the contributors. Nine addresses discuss different problems of "Railway Management and Operation." The five addresses on the treatment of railway employes are especially to be recommended. The description of the work being accomplished by the Voluntary Relief Department of the Pennsylvania Railroad ought to be widely read.

The last division of the book includes addresses and papers on "Railway History and Development." Papers concerning the railways of Spain, Italy, Sweden and New South Wales are included, but with the exception of the last one they are too short to be of much value. This volume of addresses on transportation makes a real addition to the literature of the subject, and constitutes one of the many valuable permanent results of the World's Columbian Exhibition of 1893.

EMORY R. JOHNSON.

Die Naturwissenschaft und die Socialdemokratische Theorie ; ihr Verhältniss dargelegt auf Grund der Werke von Darwin und Bebel. Von HEINRICH ERNEST ZIEGLER, Professor at Freiburg i. B. Stuttgart : Enke, 1894.

Social Democracy in Europe had thus far been persecuted rather than answered ; the time had come for us to busy ourselves with its overthrow, and to fight it with intellectual weapons instead of courts of law. The author of this book undertakes this task in an excellent way. In undertaking such a work the scientist must have a certain amount of self-control ; for the social-democratic theories are so shallow and superficial, and so renounce every scientific basis that the

indifference with which they have been and are regarded by the representatives of science is easily understood. Still, one would suppose that untenable Utopias would stand self-convicted, even though it be distasteful to every earnest thinker to oppose them. Unfortunately this is not the case. The irrational theories of the Social Democracy concerning the establishment of a social order in which "freedom and absolute equality" shall rule, find acceptance among very large masses of the population. Bebel's book "*Über die Stellung der Frau im künftigen Sozialstaat*" has gone through a number of editions, and no scientific work can boast of so large a circle of readers as this Utopian book written with the tone of unerring prophecy. Thus, Professor Ziegler performs a valuable service in undertaking to marshal the evidence which shows that Bebel's citation of Darwin and modern natural science as the basis of his Utopia is entirely unwarranted, and that Bebel either misunderstands or puts a false interpretation upon the sentences quoted from Darwin or taken from natural science. Likewise, Professor Ziegler corrects several false ideas that have found a place in socialistic literature through the influence of Morgan's work on the primitive family relation. The author's criticisms are partly based on the work of Westermarck and partly on the analogies which, as a zoologist, he himself is able to draw from the animal world.

The book is a very serviceable one; but whether it will accomplish its aim is another question. In this particular it is not safe to be optimistic. The masses who read Bebel's book with credence and enthusiasm, will not read Professor Ziegler's work. What the masses hope for, is what they gladly believe. Bebel's Utopian pictures of the future lighten their burdens greatly and delight their fancy. Professor Ziegler's book would tire them and disturb their dreams; that they do not wish. The author, nevertheless, followed a higher aim than success. He followed the promptings of the truth, and did it well.

LUDWIG GUMPILOWICZ.

University of Graz, Austria.

Sources of the Constitution of the United States Considered in Relation to Colonial and English History. By C. ELLIS STEVENS, LL.D., D. C. L. Pp. xii, 277. New York and London: Macmillan & Co., 1894.

The conception formerly entertained of the origin of our constitution has been undergoing an important change during the past few years. We no longer look upon this document as the half-inspired product of a little group of men who met together in Philadelphia in 1787. The continuity of history was bound to assert itself here as in every other great and successful piece of organization. Obvious as the

truth of this now appears, the sources from which the framers of the constitution drew were scarcely touched upon by the earlier historians of the constitution who seem not to have recognized that the prevailing theory of the complete originality of our form of government was *a priori* untenable.

While several attempts have been made of late to fill this *lacuna* in our history Dr. Stevens is the first to present the subject in a complete and satisfactory form. His treatment is scholarly and free from all narrow national bias which can so easily vitiate the work even of a careful historian. The book is furthermore characterized by a liberality which does not hesitate to recognize the merits of other work in the same field. Dr. Stevens began his investigations in this subject several years ago, since that time several important contributions have appeared treating various phases of the subject. These the author has to a large extent reproduced in his ample notes. Consequently his book contains not only a clear and concise statement of the result of his own investigations, but gives as well the salient points in the special articles or chapters which others have written.

The book while comprehensive is in no way diffuse, details being treated in foot-notes which form over one-half of the work. Mr. Stevens, after two introductory chapters on the organization of the Anglo-American colonies and the formation of the constitution, takes up in order the legislative organism, the executive, the judiciary and closes with a chapter on the "Bill of Rights"—a topic which has failed heretofore to receive the attention it merits.

Our institutions are not simply English, the author claims, but may more properly be termed Teutonic. In every case he points out the earliest distinguishable forms of the several features of the constitution, and then traces their development in England and the Anglo-American colonies. "The American Constitution," he justly observes, "though reflecting a contemporaneous stage, was not a mere imitation of the constitution of the mother-land, but an historical development from it. Its similarity to its prototype resulted not from any copying process first undertaken in the convention at Philadelphia. Rather was it a reaffirmation of principles already American by hereditary usage or long-established custom. The earliest attempt at a national constitution, that of the confederation, had been a failure precisely as to the points in which it departed from these principles; and the present constitution was a return to a system from which the colonies themselves had never departed. . . . The members of the convention, though consciously taking much from the old system, were doubtless incompletely aware of the extent to which they themselves were influenced by their training under such institutions." (pp. 53-4.)

The debt which the convention owed immediately to the existing State constitutions can only be realized by one who takes the pains to read these documents where we often find the very words which were adopted in the Federal constitution. Dr. Stevens might with advantage have dwelt at greater length upon this phase of his subject. He shows a tendency to give the remoter causes which influenced the convention an undue emphasis while he certainly neglects the influences which may be traced immediately to the institutions of the several American States. Too little is said of that most fruitful period perhaps of all our history in the matter of constitutional growth, namely, that which intervenes between the recommendation of congress (1775) that the several States provide themselves with constitutions, and the meeting of the Constitutional Convention of 1787. This period immediately preceding as it did the drafting of our present form of government, is the most important link in the chain of development. While Dr. Stevens quotes the vague reports of Cæsar and Tacitus concerning early Germanic customs he makes no direct reference to the constitution of New York of 1777 or that of Massachusetts of 1780. The theory of Mr. Douglass Campbell, who would attribute a Dutch origin to most of our institutions, is carefully treated by Dr. Stevens and satisfactorily refuted. "In simple truth," the author concludes, "the presence in America of other races than the English has left scarcely a trace in the national constitution." (p. 5 n.)

Dr. Stevens has erred perhaps in not incorporating in his text in some instances the matter contained in the foot-notes. For the notes instead of furnishing simple amplifications of the text often discuss points essential to the general presentation of the subject. The style and general arrangement of the book is, however, excellent. The work has evidently been for him a work of love and Dr. Stevens has made a really important addition to our historical literature.

JAMES HARVEY ROBINSON.

NOTES.

"*Les Lois sociologiques*"* is not a treatise on sociology proper, but an inquiry into its nature and an attempt to vindicate its character as an exact science. This, of course, involves a denial of the validity of metaphysics, and an attempt to explain social phenomena by purely physical causes. Comte's familiar hierarchy of the sciences is examined, adopted in the main and supplemented by a science of which Comte was necessarily ignorant. The physical sciences, commonly so called, lead to physiology, physiological psychology and sociology, each more complicated but not less physical or capable of exact statement than those at the beginning of the list. The most of the book is filled with examples of social phenomena for which the author thinks he sees a physical cause. These examples differ much in significance and conclusiveness. They generally illustrate, frequently support, but never prove the author's theory. Sometimes their relevancy is not apparent, being little more than metaphorical applications of the laws of physics to social phenomena. That the book makes a contribution to the discussion, begun by Spencer and Ward as to the nature of social laws must be admitted, but our inability as yet to separate combined forces, to measure and quantitatively state their results makes conclusive proof impossible, and does not justify the dogmatism with which our author, in common with others who hold his view, occasionally decries opposed theories or states conclusions which should at best be held as tentative. This defect is not marked, however, and while the book is a minor contribution, it has real excellence.

SELDOM is as much scientific good sense crowded into narrow space as is found in a recent work on "*Domestic Economy*."† It contains, first, a terse statement of the elements of physiology; second, a clear analysis of the hygienic and other properties of all the commoner kinds of food; and, finally, a similar statement regarding clothing materials and their use. It contains, perhaps, nothing very new or startling, but it is an eminently practical contribution to the study of this most important and most neglected department of our economic life. Indeed, so neglected is it that the mention of a work on domestic economy or the economic organization of the household will doubtless strike many persons as out of place in an economic journal. A work on the

**Les Lois sociologiques*. Par GUILLAUME DE GREEF. Pp., 181. Paris: Félix Alcan.

†*Domestic Economy*. By F. T. PAUL. Pp., 218. London: Longmans, Green & Co.

development of manufacturing industries would doubtless be quite in place. The popular perspective in all its distortion thus becomes too often the seemingly normal perspective of science. But we shall never have a truly profitable national industrial organization till we have a successful utilization of goods in the home. That the general use of this little book would greatly contribute to this end can hardly be doubted. Unfortunately, the author's refusal absolutely to declare injurious the use of alcoholic beverages in any quantity, and under all circumstances (though the danger of their use is impartially and adequately stated), and his eminently just condemnation of the excessive use of tea, will arouse much well meant and, perhaps, profitable prejudice. Purely scientific statements are not ready and efficient tools for the reformer, and a book to be successful, even to be useful, must be a delicate compromise between regnant prejudice and scientific verity. The criticism herein implied is one proof of the inherent excellence of the book.

FROM the Historical Seminary of Brown University comes an interesting account of "The Development of the Nominating Convention in Rhode Island." * The author, Mr. Neil Andrews, introduces his paper with a brief general sketch of the development of this important part of our American political system. He regards its growth in Rhode Island as especially interesting, because there it was earliest developed, and its different stages can be traced most easily. As early as 1790 is found the record of a legislative caucus, a convention of the Federalist members of the legislature for the purpose of nominating general officers. In the year 1810 the mixed legislative caucus was introduced, in which to the party conventions of members of the legislature there were admitted delegates from towns which were not represented in the legislature by members of the party in question. In 1824, the year when "the congressional caucus was ejected from the American political system," the mixed legislative caucus was in Rhode Island replaced by the pure nominating convention, to which each town chose delegates unless it authorized its representatives to serve in that capacity. Mr. Andrews has handled with no little skill his "opaque materials," gathered mainly from contemporary newspapers.

THROUGH the recent work of several investigators, it is at last becoming possible to study slavery without passion or prejudice, but simply as an institution, and to determine the nature and extent of

* *The Development of the Nominating Convention in Rhode Island.* By NEIL ANDREWS, A. B. Pp. 14. Providence, R. I., 1894.

the influence which it has exerted on the social and economic development of the various sections of the country. The third of a valuable series of monographs on this subject, published in the Johns Hopkins University Studies in Historical and Political Science, is contributed by Dr. Bernard C. Steiner, who writes the history of slavery in Connecticut.* During the colonial period, 1636 to 1774, Dr. Steiner finds that the people generally acquiesced in the existence of slavery, and that the slave code was by no means mild. Connecticut slavery began with Indian captives of war. Just when African slavery was introduced is uncertain; the Connecticut black code began in 1690 with a fugitive slave law. For the next half-century the laws repressing slaves grew harsher, but during the stormy years preceding the Revolution slavery received but little attention. In 1774 a mixture of motives led to the passage of an act prohibiting the importation of slaves into the colony. During this early period the slaves for the most part were treated with considerable indulgence; in the patriarchal family the condition of the slave differed but little from that of the apprentice, and slaves were not infrequently admitted into the local churches as fellow-members with their masters. Not later than 1774 agitation in favor of emancipation became common; during the Revolution slaves often received their freedom for service in the Continental army. In 1784 it was enacted that no negro or mulatto born after March 1, 1784, should be held as a slave after reaching the age of twenty-five; the holding of slaves was not absolutely prohibited until 1848. Until about 1830 emancipation was gradual, and the condition of the slaves was generally ameliorated; but after the rise of the Abolitionists the feeling against slavery became more bitter until it culminated in the resistance to the Fugitive Slave Act. A valuable feature of this monograph is its discussion of the important cases adjudicated before the higher courts with reference to slavery, the cases of Miss Prudence Crandall and her school, and that of the negroes on the *Amistad* being the most noteworthy. In addition to the full references given in the foot-notes, the appendix contains an extensive bibliography of the subject, and an interesting table showing the changes in the numbers of Connecticut slaves and free negroes from 1680 to 1890.

"The History of Education in Delaware,"† a monograph written by Lyman P. Powell and issued by the Bureau of Education, gives

* *History of Slavery in Connecticut*. By BERNARD C. STEINER, Ph. D. Pp. 84. Baltimore: The Johns Hopkins Press, 1893.

† *The History of Education in Delaware*. By LYMAN P. POWELL, A. B. Pp. 186. Washington: United States Bureau of Education, 1893.

evidence of painstaking care, original research, and rare discrimination. In the opening chapters on colonial life in Delaware the author treats of education among the Swedes, the Dutch, and the English, and shows how these people made their schools reflect their peculiar social and religious ideas. In these no less than in subsequent chapters, after discussing private education in the towns, the author invites attention to Delaware's most prominent academies, viz.: Newark Academy and the Wilmington Conference Academy. Only a real insight into the essentials of a first-rate educational institution could have inspired the writing of these chapters. An illustration of this insight may be found in a single quotation: "Every boarding-school is a microcosm of the political and economic history of society. The child in its development to adult life represents the evolution of a primitive savage into a civilized being. . . . Scarcely a school exists in which one may not find the various types of institutional government. . . . The wise schoolmaster, recognizing this truth, strives to inspire his school to achieve the highest form of self-government. . . . Ideal government is attained only by that school which attains ideal democracy." The best work is done in the chapter which outlines clearly and succinctly the history of public education in the State. In rapid succession the free-school law of 1829, educational conventions, old-time schools, the law of 1875, present status of public schools, the school fund, teachers' institutes, and the State Teachers' Association, are ably presented. After paying his compliments to the schools of Wilmington, Mr. Powell closes with an excellent bibliography. As this monograph is the first history of the education of Delaware, it was written entirely from original sources. Mr. Powell evidently found it a labor of love. The work should be widely read and should find a place in the library of every student of educational history.

RECENT FRENCH PUBLICATIONS.

THE LAST VOLUME of the *Petite bibliothèque française* gives a collection of extracts from Karl Marx's "Capital" made by his son-in-law, Mr. Lafargue. Professor Vilfredo Pareto, the successor of Professor Walras at the University of Lausanne, has written an interesting introduction on Marx and his work. ("*Karl Marx: Le Capital*," extraits faits par son gendre M. Paul Lafargue, avec une introduction par M. Vilfredo Pareto. Paris: Guillaumin, 1893).

"*Systèmes généraux d'impôts*." By Professor René Stourm. Pp. 415. Paris: Guillaumin, 1893. This is the title of a very important elementary treatise on taxation. It embodies much of the material that the professor presents in so clear and satisfactory a way to his pupils at the

école libre des sciences politiques in his course on "Systèmes généraux d'impôts," and also some of the same material to be found in his article entitled "Impot" in M. Lèon Say's new French "Dictionary of Political Economy." The book is divided into an introduction and three parts, which treat respectively of the history of writings on taxation, definition, and incidence of taxation; Utopian systems, existing systems, and systems capable of application; and the great fiscal divisions of existing systems.

Contemporary socialistic literature has received a contribution in a brochure by Louis Strauss, entitled "*L'extension universitaire de Bruxelles—Les doctrines sociales au xix^e siècle. Critique du cours de M. van der Velde.*" (Antwerp: Jos. Themis, 1893). This is a criticism of a University Extension course given by M. van der Velde in which he discussed social doctrines under such headings as "Political Economy," "Christian Socialism," "Historical School," "Collectivism," "Anarchism." Mr. Strauss discusses from the liberalist point of view the utterances of Professor van der Velde, which are socialistic in their tendency.

"*Essais et études,*" par Émile de Laveleye. (Pp. 412. Première Série, 1861-1875. Paris et Gand, 1894). This collection and reprint of essays already published in various reviews and journals will be warmly appreciated by the numerous friends of Professor de Laveleye in all countries. Changed methods in scientific study have almost done away with the brilliant essayist of a half century ago who was able to range over a wide field of subjects, treating each with a measure of completeness and a fineness of finish that varied with the essayist's general mental vigor rather than with his special knowledge. Professor de Laveleye may be considered as a connecting link between the two régimes. He was a trained and able economist, and yet it was in his brilliant contributions to reviews and magazines that he was best known. Although he left many notes that he had been collecting for a number of years previous to his death, with the intention of writing a large work on political economy, his literary executors have decided that these are not in shape worthy of publication, and have undertaken to place in convenient and permanent form some of his essays already published in widely separated journals. The first volume contains essays arranged chronologically and covering the period 1861-1875. A list of their titles will show at once the breadth of subject-matter covered, and the names of the reviews or magazines where they were originally published may enable the reader of this notice to find those that interest him even without access to the volume containing the collection. Some of the essays form important contributions to the subject treated, and all of them are excellent reading. Professor de Laveleye

already made two similar collections during his lifetime. One published in 1863 entitled, "*Questions contemporaines*" (essays covering period 1856-60), and the second published in 1869 entitled "*Études et essais*." Had he personally superintended the publication of this volume he would have doubtless made some changes in the text of the articles as originally published, but his editors have wisely decided to reprint without any alterations. They also promise us one or two forthcoming volumes which are to contain his principal essays from 1875 until the present day. The subjects of the essays in the present volume are:

1. "Le dictionnaire rationnel de de Potter." (*Revue trimestrielle de Bruxelles*, October 1861.)
2. "Le mouvement littéraire en France depuis 1830." (*Revue trimestrielle de Bruxelles*, January, 1862.)
3. "Les Beaux-arts à l'exposition universelle de Paris en 1867." (*Rapport du Jury Belge*.)
4. "La liberté de l'enseignement supérieur en Belgique." (*Revue des Deux Mondes*, April 15, 1870.)
5. "De l'avenir de la France." (*Fortnightly Review*, 1870 and *Revue de Belgique*, January 15, 1871.)
6. "Encore la question flamaude." (*Revue de Belgique*, March 15, 1871.)
7. "Le régime parlementaire et l'absence des partis en Italie." (*Revue des Deux Mondes*, May 1, 1871.)
8. "La nouvelle politique russe." (*Revue des Deux Mondes*, November 15, 1871.)
9. "La revanche de la France." (*Revue de Belgique*, January 15, 1872.)
10. "La crise politique de 1871 en Belgique." (*Revue des Deux Mondes*, January 15, 1872.)
11. "Le parti clérical en Belgique." (*Fortnightly Review*, November 1, 1872.)
12. "La crise de 1873 en France." (*L'Indépendance belge*, November 3-6, 1873.)
13. "Une leçon de droit public à l'université de Louvain." (*Revue de Belgique*, January 15, 1874.)
14. "Les progrès de l'instruction en Russie." (*Revue des Deux Mondes*, April 15, 1874.)
15. "La réorganisation de l'enseignement du dessus en Belgique." (*L'Indépendance belge*, May 30, 1874.)
16. "Le protestantisme et le catholicisme, dans leur rapports avec la liberté et la prospérité des peuples. Étude d'économie sociale." (*Revue de Belgique*, January 15, 1875.)

The works on statistics, which have recently been published in French, include the following:

"*Annuaire de l'économie politique et de la statistique*," par Maurice Block (1894. Paris: Guillaumin. Pp. 1200). This publication celebrates its fiftieth year with this number, and gives in concise form one of the best collections of statistical material published in the French language.

"*Statistique des chemins de fer français*:" première partie.

"*France, intérêt général. Documents au 31 décembre, 1891*." (1893. Imprimerie nationale.)

"*Texte des délibérations de la commission en 1892*:" Bulletin de l'Institut International de Statistique, 1893, premier volume; (1893, Rome). This bulletin contains papers by Halley on "Morbidity" and by Scheff on "les charges de la propriété foncière en Autriche."

Other important works of a general nature are:

"*L'impôt des tabacs et les différents systèmes de monopoles*. (Imprimerie Chaix.) Contains much information on the tobacco monopolies in various European countries.

"*Triantaphyllides: Une banque pour sauver les grecs*." (Grande Librairie, Paris, 1893.) This is a pamphlet discussing the financial and economic situation in Greece.

"*A propos des tarifs de douane, par le duc de Noailles*." (Paris, Dentu Librairie.)

"*La France et les États-Unis*." A publication of the Comité pour l'abolition du bill MacKinley (Paris), containing two addresses by M. de Montgolfier and M. Léon Chotteau.

"*Le régime des boissons*," par M. Gabriel Desbats. (Paris: Larose, 1894.) A discussion of actual legislation on liquor traffic from a legal point of view.

"*Voyage en Orient de Son Altesse Impériale le Czarewitch*," par le prince Onkhmontof, traduit du russe par M. Louis Léger, avec préface de M. Anatole Leroy-Beaulieu (Paris, Delagrave). This French translation of the journal of the Russian Crown Prince on his voyage in the East contains many curious comments on the economic condition of the countries visited, especially India.

INDEX OF NAMES.

ABBREVIATIONS.—In the Index the following abbreviations have been used: *pap.*, principal paper by the person named; *com.*, briefer communication by the person named; *b.*, review of book of which the person named is the author; *p. n.*, personal note on the person named; *r.*, review by the person named; *trans.*, translation by the person named.

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SUPPLEMENT TO THE
ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE.
MARCH, 1894.

A HISTORY OF
POLITICAL ECONOMY.

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WITH AN INTRODUCTORY NOTE BY EDMUND J. JAMES.

PHILADELPHIA:
AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE.
1894.

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INTRODUCTORY NOTE.

There is a singular dearth of histories of political economy in the English language. The older works on the subject—McCulloch and Twiss—are valuable and suggestive; but strike the student of to-day rather by what they have not than by what they have. Blanqui's book is rather a history of industrial systems than a treatise on the history of economic science. Dr. Ingram's work is a very useful book, with a special value owing to its emphasis of the sociological point of view; while the new edition of Cossa, invaluable as it is, must be considered rather as a guide to the bibliography of Political Economy than a treatise on its history. All taken together leave the field still fairly open to the scholar who will undertake to give us a comprehensive treatise on the subject, and English literature is still far behind the German, for example, in this respect.

In this branch of science, as in some others, moreover, the tone and method of a work are determined very largely by national peculiarities, and whenever a nation has made serious contributions to the literature of any subject falling within the scope of the moral or social sciences, its historians are nearly certain to represent a new point of view, to have a new and fruitful perspective. In no country for the last twenty years has more active and thorough intellectual work been done in the department of political and social science than in Germany, and German scholars have turned out in rapid succession valuable treatises in nearly every department of economics and finance. As the intellectual work of every

nation is an outgrowth of the past, the early products of a nation's thought acquire a new and different value as soon as the later ones have risen to really first rank.

The economic writings of German thinkers of the early and middle periods of this century have, consequently, acquired of late an interest for the whole world which they never would have obtained had it not been for the really high-class work done by recent authors.

A German historian of political economy, therefore, will be nearly sure to give to German thinkers at least their due, and thus help us to a more correct appreciation of the relative importance of German contributions to this great subject.

The following account of the history of political economy is brief, but it presents, nevertheless, the German point of view as no other publication in English does at present, and on that account it forms a desirable supplement to other works dealing with the same topic.

Professor Cohn's work is so well known in Europe and America that it would be superfluous for any one else to vouch for its scientific character. He has, himself, been one of the most prominent contributors to recent economic science in Germany, and, in addition to writing many valuable monographs, he has been one of the few who have succeeded in making a systematic treatise on economics and finance, which is at once scientific and readable.

The present book is a translation of the chapters on the history of Political Economy in that work.*

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* The full title of the work is: "*System der Nationalökonomie.*" Two Vols. pp. 649 and 796, Stuttgart, F. Enke, 1885. The part presented in this book is the third chapter of the first book; pages 91 to 181 of the first volume.

CHAPTER I.

ECONOMIC HISTORY AND THE HISTORY OF ECONOMIC SCIENCE.

Every science can be traced to two sources. Some of its rudiments will be found in an older body of knowledge, or parent science which contained the germs of the derived system until following the law of division of labor, they developed into an independent science; others are to be sought for in those useful ideals, commonly designated as practical, which, by the exigencies of human development, always precede the period of scientific thought.

In previous efforts to shed light upon the early history of political economy, both these lines of investigation have been pursued, but the second has received by far the most attention, for the simple reason that before the stunted stem of the parent science had developed sufficiently to contribute materially to the growth of its off-shoot, political economy was in full bloom. The more profitable, therefore, has been the examination of the history of economic activity in search of the intellectual import of its manifold expressions. The literature of the contemporary questions, the views of legislators and statesmen as well as legislation itself have been studied to see what lines of thought they might reveal.

Science is distinguished from practical thinking, which serves only the needs of the hour, by the fact that it looks beyond the narrow range of what is momentarily practical. It is the task of science to elevate speculation

concerning the permanent bases of existence and creation to the dignity of an independent calling. In so doing it serves the needs of the day, by treating everyday questions from the higher standpoint of permanent principles, but its own insight penetrates the entire body of phenomena, and reaches therefore beyond the transient aspects of practical necessities. Such being the nature of science, we undertake surely no unworthy task in seeking out her antecedents in the practical affairs of life; in so doing the history of economic science will show important relations with the history of economic activity. The history of the science must, however, carefully distinguish between the science itself and these antecedents, which in themselves are not science. The fact that it is notably the first scientific systems of political economy which cannot deny the earthy flavor of their temporal and local environment proves nothing to the contrary. The emancipation of thought from bondage to complete scientific freedom is a gradual process. If these first scientific systems have proven their calling by presenting a clearly defined and logical arrangement of the material at their disposal, their close relation to the practical ideas of the times is no hindrance to further progress, but merely a natural survival of the pre-scientific period. At the same time we should be forced to despair of the future vocation of science if such survivals could not gradually be eliminated, for if political economy is to assert its own peculiar rights and attain its proper significance it must advance steadily toward the goal where pure speculation is unsullied by the disturbing influences of the moment. But this goal will never be reached until the science unconditionally recognizes this duty and no longer pretends that the uncertainty which still results from the disturbing

influences of temporary movements, factional strife and national characteristics, is a necessary element of scientific thought. To do so is to claim that unconverted ore ready for the furnace is finished steel! On the contrary, by the refining process of science, thought should be brought to such a degree of purity that its irresistible logic succeeds in forging even the crude ore of practice into glistening metal.

The traditional history of political economy, which originated with Adam Smith and has been handed down to the present time, has not always clearly recognized the distinction which is here emphasized. In the crude form in which it emanated from its author only to be repeated hundreds of times without criticism, this history ignores everything of earlier date and from impressions derived from the practical affairs of an eighteenth century environment, it constructs a scientific system, which it compares with that of the Physiocrats, the first creators of a real system of political economy. The superior wisdom of the theories of the historians follows the delineation of these previous efforts. The rapidity of the historical development, thus portrayed, calls to mind the later socialistic view of society according to which within a century or even half that period, three great social epochs have followed one another.

As the literary history of political economy was further developed, especially by German science, the investigation of the earlier writings became more extended and more profound. The wholly unhistorical conception of pre-scientific economic ideas, inherited from Adam Smith, has been rectified by a series of special investigations. In place of an obscurity, altogether inadmissible in any historical survey of the subject, we

have gained abundant light upon the earlier ideas regarding the nature of economic life. Even in these commendable efforts, however, the distinction we have emphasized has secured inadequate recognition; inasmuch as the numerous traces of the economic ideas which preceded the scientific period though worthy of attention in themselves, only become truly valuable when studied in their relation to the economic history of the age and country which produced them.

Especially characteristic of such a method of treatment is the fact that, while these researches were industriously pursued for the sake of proving over and over that even in the fifteenth, fourteenth and thirteenth centuries, there were people here and there who knew that twice two are four; at the same time the great scientific systems received no adequate investigation as regards either their scientific content or their practical significance in the environment of their age.

CHAPTER II.

THE PREPARATORY PERIOD OF SCIENTIFIC POLITICAL ECONOMY.

Adam Smith, in his work on the Wealth of Nations (Book IV), says that the object of political economy being to provide the people, and consequently the state, with a plentiful revenue, "the different progress of opulence in different ages and nations has given occasion to two different systems of political economy," the commercial or mercantile, and the agricultural. The first he describes as follows: It is a popular notion that wealth consists of money or of gold and silver. "A rich country, in the same manner as a rich man, is supposed to be a country abounding in money. . . . In consequence of these popular notions, all the different nations of Europe have studied, although to little purpose, every possible means of accumulating gold and silver." "It would be ridiculous," Smith continues, "to go about seriously to prove that wealth does not consist in money." But since that was the dominant conception, there was nothing left for the countries which had no mines but to secure the importation of the precious metals by an excess in the exports over the imports of commodities, and it became the great object of political economy to diminish the importation of foreign goods and increase the exportation of domestic products. "Its two great engines for enriching the country, therefore, were restraints upon importation and encouragement for exportation."

After this delineation of the subject Smith examines the legislative measures of the "mercantile system," and

touches upon a variety of historical material, reaching as far into the past as the "old statutes" of Edward III. Later, in speaking of the Physiocrats, he makes special mention of Colbert as an object of widespread antipathy, a man "who had unfortunately embraced all the prejudices of the mercantile system."

There is certainly no indication that Smith gives us this account of the existing economic policy as a description of the economic science up to his time. An undertaking so incredible was reserved for his successors. The superficial manner in which the entire intellectual content of this economic practice is described, is in itself astounding. How is it possible, we ask, that a person with any trace of historical feeling could accept a notion "too ridiculous" to be seriously refuted as the expression of all the wisdom embodied in the economic policy which had ruled the world up to that hour? What Smith says further on of the agricultural system of the French philosophers retracts what he had at first conceded as to a relative justification in temporal and local conditions; for he limits the system to the speculations of a few men of great learning whose errors would never do any harm. How is it then possible that an entire century should have thoughtlessly repeated this naive conception until it had constructed from it a literary history of political economy?

It is the self-consciousness of youth in a new science which naively considers everything it possesses as its own work or the creation of its own age. The same is seen in the subjective originality of an individual in his youth. Stuart Mill says that, in the present advanced condition of sciences, originality is only attainable through a comprehensive knowledge of the investigations which others have made. But it is not only of science in its

present state of development that this is true. Every science, even the new chemistry and political economy of the eighteenth century, is connected with an extensive work of preparation. These preparatory labors, however, are, like efforts at isolated points and without definite plan which simply break up a rocky mass which is to be tunneled until the time comes when they can be united in a common passageway which leads straight through the middle of the ledge. Originality in science is nothing more than the superior energy which avails itself of previous attainments and urges the work forward under the refreshing influences of new methods, new points of view, and new relationships.

The originality of the new political economy of a century ago cannot be understood without a proper appreciation of the antecedent doctrines of moral philosophy and natural law, as well as the numerous monographs on current economic questions.

A more careful comparison of Adam Smith—whose services, great though they are, have long been overestimated—with his French predecessors and contemporaries, suffice to show that his oft-repeated criticism of the literature and history of the "French philosophers" utterly fails to do justice to the development of speculation upon economic topics which had taken place up to his time. For, however often this distorted account of the alleged three systems has been repeated in the textbooks, the real truth of the matter, as shown by Knies and his successors, is simply this: The so-called mercantile system is an arbitrary unhistorical summarization of the period of preliminary economic thought: the so-called agricultural system contains on the one hand too scanty a recognition of the other economic ideas which existed alongside of the so-called mercantile

system, and on the other, a very imperfect understanding of the pre-eminent scientific importance of the "French philosophers," who, especially in comparison with Adam Smith, signified much more than he conceded; while as regards their practical "harmlessness" he was certainly wholly in error.

It will be the task of future monographic investigation, which will summarize, extend and deepen the literary historical labors of the preceding generation, to show how it occurred that in the development of French and Scotch moral philosophy, a point was reached at which political economy came into existence as an independent science. This development can be indicated here only in the briefest outline.

The helplessness of practical wisdom with its every-day grievances and every-day expedients, is shown in a literature which covers centuries of economic activity and which, notwithstanding its significant efforts to acquire a knowledge of the subject, failed to reach the height from which any systematic survey of the field is possible, until philosophy took the problem into its hands. Prior to that time we observe a mass of disconnected observations, opinions, and counsels which after all only mirrored the manifold aspects of the practical questions of the day. This was especially noticeable whenever an old order of society passed into a state of revolutionary ferment, challenging all the intellect of the age to explain the final causes of social life. The fact that prior to the scientific period of political economy, works appeared clothed in the garb of scientific system, is no more a disproof of our position than the fact that the same thing appears in the scientific period down to our own day.

The more literature wears a practical aspect, the more important it is to consider it in its relations with practical affairs, for this is the environment in which it is to be understood. These fragments of speculation, indeed, contribute just as much to our knowledge of the life of the past as that knowledge does to our understanding of these speculations. The numismatic literature of the Thirty-years' War, for instance, possesses at least as much importance for the study of German history as it does for the history of economic science; on the other hand the edicts of the German Emperor, Frederick the Second, which show his perception of the importance of a well-regulated coinage, are even more instructive as regards the degree of economic knowledge which had then been attained than any mere literary dissertation on the coinage would have been.

Such ideas, whether expressed in laws or books, in institutions or personal opinions, are of great importance for a detailed survey of the history of any science or of the subject-matter of which it treats. On the whole they contain little which is new or surprising. For the development of political economy the fact remains that the one decisive event had no connection with economic practice, but was simply the division of an existing science. Moral philosophy assigned to one of her daughters an independent household. It was a small, unpretentious outfit, corresponding to the narrow means of the parent science, but it was the beginning, nevertheless, of permanent independence. The chief significance of the antecedent economic practice for the development of the science lay partly in the external influence of the atmosphere of the eighteenth century, which hastened this new departure, and partly in the abundance of materials which it contributed and is still

called upon to contribute to the completion of this first outline of the new economic theory.

If the foregoing views be correct, we may omit the traditional enumeration of the names and writings of antiquity, of the Middle Ages, etc. Treated in the customary way, such an enumeration would not be in keeping with the purpose of this book; while otherwise the treatment of the topic would necessarily exceed the limits of our space.

Every serious study of the earlier epochs of history has shown the superficiality of mere literary historical descriptions; the study of the classic antiquity of the Greeks and Romans, as well as that combination of ancient, ecclesiastical, and Germanic elements which we call the Middle Ages introduces the investigator into the economic life of the people; while only meagre fragments of this life are revealed in the literary monuments of the times. Even so great an intellect as Aristotle's is much more remarkable to us for the picture of his actual environment which is reflected in his views on slavery than for the scientific justification of slavery which he offers us.

Economic history, however, according to our ideas of system, is a part of the collection and arrangement of economic material, and is valuable as a means of attaining a better understanding of the present age.

The advent of the period of scientific political economy was foretold in the two centuries which preceded it by an abundant literature which was the expression of the increasing importance of economic interests. The nation which was the first to revive, on the sacred soil of antiquity, the high civilization of the ancient world was also the first to produce a copious literature dealing with the economic questions of the

day. Coinage and the monetary system in their relation to foreign trade became prominent topics of discussion with the Italians, and, before long, with the other nations of Europe, which, like Italy, were endeavoring to secure the system of money, industries and foreign trade with their attendant advantages. How far-sighted these practical discussions occasionally were is proved by the fact that, as early as 1582, the Italian, Gaspari Scaruffi, in his "*Discorso sopra la moneta e della vera proporzione dell' oro e dell' argento*," proposed a common mint (*zecca universale*) for all Europe.*

In an unbroken chain this literature extends through two centuries of Italian history. In the second half of the eighteenth century the talented Abbé Galiani opposed with realistic insight the French economists whom he knew from a long residence in Paris; but whose scientific importance he was far from correctly judging, although he saw the dangerous practical tendencies of their ideas much more clearly than did Adam Smith.

The traditional view of the supremacy in those days of a mercantile system, such as Adam Smith describes, is far from being an exhaustive expression of the economic policy of the times. In proof we have only to examine the literature of the Netherlands, which is closely connected with the commercial prosperity of that country; just as the Dutch preceded the English in the commercial leadership of the world, so their free trade literature antedates that of England.

The origin of the new science of political economy is directly connected with the events which took place on French soil in the seventeenth and eighteenth centuries. In the first half of the seventeenth Richelieu

* Bianchini, "*Scienza del ben vivere sociale*," 1 parte storica (1845), p. 158. ▲ comprehensive collection of Italian economic writers is Custodi, "*Scrittori classici Italiani di Economia politica*," Milan, 1803-4; 49 volumes.

and Mazarin established the power of the absolute monarchy by the overthrow of the "States within the State." After the preparatory work of constitutional and political reform was completed and the Middle Ages had given place to modern times it was Colbert who represented the economic and financial policy which the new age required. His aim was an economic unity of territory, free from the restrictions of internal tolls and customs, a uniform system of weights, measures and coinage, the development of the system of roads, the security of law, reduction of taxation, and, especially, participation in the new technique of industry and in the advantages of a world market.

That these efforts degenerated in the course of the next century is evident from the fact that in France all appreciation of them so completely disappeared. There are two men in particular who, about the turning point from the seventeenth to the eighteenth centuries, introduced in practical empirical affairs a tendency which half a century later assumed scientific form in the system of the Physiocrats. They were both men of affairs, Vauban, the field marshal and Boisguillebert, the administrative officer. A better example could hardly be found of the development of practical thought into science, than in the relations and contrasts between these practical men and the Physiocrats. The needs of the masses, especially the country folk, the burden of taxation and the injustice of its distribution, radical projects of tax reform, a lively reaction against the over-estimation of the precious metals, and a warm enthusiasm for the destruction of the traditional barriers to economic activity, these all find an expression chaotic, undigested and lacking clear cut principles it is true, in the thought of these men of affairs. These eminently

practical projects were more or less clearly the starting point for the Economists, as they called themselves, or the Physiocrats as they were always called afterward, who with this empirical material constructed a system of the mechanism of society in which are found, for the first time, the outlines of a real science of economic life, by combining the practical tendencies with the moral philosophy of the period.

Before we glance at this first system of political economy, the German literature of the *cameralistic** science deserves a few words of consideration. This literature preceded the period of German political economy. Whoever has read any of these cameralistic writings, or even worked his way through one of those productions which do not strictly belong in the same class with them, but are comparatively superior in tone—like Johann Peter Süssmilch's "*Göttliche Ordnung in den Veränderungen des menschlichen Geschlechts*"—will readily understand, if he compares it with a contemporaneous English, French or Italian work on the same subject, how the paucity of this so-called science impelled it to yield completely to the inspiration of the new political economy when the latter appeared in Western Europe.†

Originating in the policy of administering the public exchequer like private finances, and having for its primary purpose to give practical suggestions for obtaining the largest possible revenue for the royal treasury, the cameralistic erudition brought together more and more

* The designation *Cameralwissenschaft* seems to appear first in the work of v. Rohr, "*De excolendo studio œconomico*," 1712.

† Some of this spirit has occasionally been breathed into it by the historians of economic literature. Cf. Lorenz v. Stein, "*Zur Geschichte der deutschen Finanzwissenschaft im 17. Jahrhundert*" in *Finanzarchiv*, 1885. Compare also the essay of the same author, "*Die staatswissenschaftliche Theorie der Griechen von Aristoteles und Platon*," in *Zeitschrift für die gesammte Staatswissenschaften*, 1853.

diverse topics by adding materials from economic and financial experience as it approached the period of scientific political economy. In this respect it somewhat resembled the popular notion of political economy to-day in which purely technical matters and political science are curiously confused.

Like the so-called mercantile system the cameralistic science was in its way an expression of the rising power of the absolute State,* and like the mercantile system it is in spite of its erudition a part of economic history rather than economic science, and in spite of its academic treatment it contains a superabundance of empirical material contrasting with the intellectual abstract logic of the philosophical school of political economy. It was material which thought had not yet mastered, but which so soon as light from without had pierced the chaos could readily be fitted to the new ideas.

* "A political body, which lacks life and nourishment from the treasury, however well provided in other respects, is like a beautifully prepared corpse," says Veit Ludwig von Seckendorff (1626-92), one of the leading representatives of cameralistic thought. Roscher "*Geschichte der Nationalökonomie*," p. 249. The extensive literature of this class has been studied by Roscher with indefatigable industry.

CHAPTER III.

THE FRENCH ECONOMISTS OR PHYSIOCRATS.

To estimate justly the worth of scientific achievements two obstacles must be overcome: on the one hand the prejudice of contemporaries; on the other, the arrogance of later developments of thought. The French philosophical school of the eighteenth century, which deserves the lasting honor of having founded a science of economics, was at first much ridiculed by its contemporaries and later—on account of its growing influence and questionable conclusions—much abused.* After the lapse of a century, as is the way of history, the doctrine, subjected to so much ridicule and abuse in its youth, has come to form the content of the economic education which has been universally adopted; the science in the mean time has undergone a further development until, partly in the consciousness of its own strength and partly in opposition to the popular wisdom of the day, it is inclined to forget the enduring services which that school rendered.

One should learn with youthful enthusiasm and from inward experience what it means when a ray of light from a fundamental thought penetrates the chaos of phenomena, introducing harmony and establishing order where all had long been confusion and uncertainty. For in such a way alone can one appreciate the arrogant air in the structure of a system which for the first time

* In view of the French Revolution an English editor of the "Wealth of Nations" endeavored in great detail to protect Adam Smith from the accusation of having been closely connected with the Economists, much as a respectable Englishman might warn a friend from a connection with Social Democracy. William Playfair, "Wealth of Nations," 11th edition, 1805. Cf. especially "The Life of Dr. Smith."

brings the harmony of a natural law into the confused materials of experience. The boldly hypothetical character of such a system detracts nothing from its significance; for if every great advance in science depends on the adoption of important hypotheses, it is even more forcibly the case in the creation of a new science. All further labor which is needed to strengthen and complete this first airy structure, takes nothing from the value of the service rendered in first designing it.

The ungrateful manner in which Adam Smith portrays this school scarcely does justice to its practical importance, let alone justice to its theoretical significance. In emphasizing the productivity of agriculture, or indeed in calling it the only productive occupation, the Physiocrats are not to be understood in the sense falsely imputed to their words; for they did not mean that the heavily burdened peasant was the only productive man. Indeed, the real meaning of the word productive, as applied by them to agriculture solely, has a much wider significance than any philistine comparison of the advantages of manufactures on the one hand, with those of agriculture on the other. As the deliverance of the starving masses from the traditional pressure of taxation and feudal burdens was uppermost in the thoughts of the Physiocrats, they deduced from the theory of the exclusive productivity of agriculture (that is, the yielding of a surplus over the cost of production), their argument in favor of a single tax. This tax should bear heavily upon the land-owners; hence, the theory could assume an aspect friendly to agriculture only by the complete separation of land-owners from the peasant classes, being favorable in such a case to the masses, whose misery had already attracted the attention of Sully and Colbert.

Still less have Adam Smith and his school done justice to the theoretical importance of the Physiocrats. It is none the less true, as Knies declares in his reply to Hildebrand, that, "however little credit they may get for it in the popular tradition, much of their thought—though presented to be sure in the name of Adam Smith—is still regarded as unshaken truth."

The enduring importance of the Economists consists in the eminent ability with which, unlike their predecessors, they comprehended and formulated in a philosophical system the practical characteristics of their own age. Realizing that the workingman was overburdened with taxes and feudal dues, they were led to adopt an entirely new theory of productivity. The realism of Adam Smith brought this theory into closer relations with practical life: but Smith, far from developing the doctrine scientifically, did not even understand it; and so the thread of the argument was not taken up again until Ricardo's time. Upon this conception of productivity the Physiocrats built up their single tax theory, which furnished a scientific basis for the principle, the assessment, and the obligation of taxes; they established a philosophical foundation for their aversion to the regulations which absolutism had adopted from the corporations of the Middle Ages; the cornerstone of this foundation was the principle of self-interest, the workings of which, borrowing from the mechanical ethics of the century, they traced to natural law: all this and even more was the peculiar work of the Physiocrats.

They demanded the reign of the natural order (*ordre naturel des choses*) and hence the Greek name given them by one of their followers (Dupont de Nemours). The boldness of their radicalism did not preclude the ambiguity which lay for a century undiscovered in this

conception of a natural law of social life. They themselves furnish a striking proof of this ambiguity in their own inconsistency. With their unhistorical conception of national and political life, they are as extravagant as any socialist of later date in their belief in the possibility of transforming men and circumstances; and hence the absolute régime which they found in existence, suited them perfectly. Thus Abbé Baudeau says: "The State makes of men what it will," and Letronne praises France in contrast to England, because in France reforms can be effected which immediately transform the whole country, while in England these reforms are hindered by party obstruction.*

They are here guilty of the same inconsistency as the socialists, who start out with "the materialistic conception of history," and yet overestimate the power which human resolutions can exert over the course of history.

Individualism the Physiocrats accepted as a natural régime, provided only the régime of a very powerful State had first cleared the way of all traditional barriers for the play of the free competition of private interests. This form of individualism, however, differed from the later ideas of *laissez faire*, in that it breathed the belief of those who underrate the present and overvalue the future. The experiences of later generations have made this belief impossible, at least for all minds which share the philanthropic sentiments of the Physiocrats. Far from being intimately related to the later English party movement, known as the Manchester school, which was a practical application of the old doctrine to the purposes of the new capitalism, the Physiocrats more closely resemble the socialists of the eighteenth and nineteenth centuries, and reveal this inner relationship by the use

* De Tocqueville, "*L'ancien régime et la révolution*," 1856, p. 261.

of the same earnest language in favor of the working classes.

De Tocqueville* has pointed out how the reforms undertaken in the last twenty years of the reign of Louis XIV. encouraged the revolution, and how the irritating tone even of official documents of the government contributed to this result. The tone arose from the impression of the ruling classes, that the common people were so unsophisticated that they did not notice such things. Thus an intendant writes of "the injustice of the landlords who owe all they possess to the labors of the poor." Under the influence of Turgot a royal edict of 1776 declared that "almost all the roads of our realm have been constructed by the poorest classes of our subjects without any compensation, but the landlords, who are almost all exempt from taxation, derive the benefit from them."

Modern socialism would have a clearer and better founded right to appeal to these beginnings for its theory of value than to the Ricardian doctrine. Socialism is in error in considering the distinction between the third and fourth estate as a recent development; for as early as 1764. an edict† distinguishes the bourgeois, or those who, by reason of position and property, can live comfortably without remunerative labor, from the workmen (artisans), just as do the socialists.

The most prominent names in the Physiocratic school are, Quesnay, the physician of Louis XV., Turgot, intendant and minister of Louis XVI., Marquis Mirabeau, Abbé Baudeau and Mercier de la Rivière. Baudeau produced a textbook which resembled the later textbooks of political economy. The numerous writings of the

* "L'ancien régime," pp. 290-299.

† *Ibid.* p. 391.

school were collected and published in 1844 by Eugène Daire under the title, "*Oeuvres des Physiocrates*" (2 vols.) and "*Oeuvres de Turgot*" (2 vols.). Before that time, in 1768-69, a collection of these writings had been published in six volumes by Dupont de Nemours. The collection was entitled "*Physiocratie ou constitution naturelle du gouvernement plus avantageux au genre humain.*"

Despite many differences in details, these writers all agree in the essentially fundamental principles and doctrines. The especially noteworthy works are, "*Tableau économique*," by Quesnay (1758), and an essay by Turgot* entitled, "*Réflexions sur la formation et la distribution des richesses*," (1766).

As we have already intimated, the usual description of the contents of these works emphasizes unessential matters and neglects the essential elements.

From a practical standpoint, the essential thing is not so much the prominence given to agriculture compared with industries and manufactures as the intercession in behalf of the masses of laboring people; not the presentation of a new theory of taxation, but the demand for the deliverance of the masses from the burdens of traditional imposts. It is only because the masses were engaged in agriculture, and only so far as agriculturalists belonged to the working masses that the demands of the Physiocrats were favorable to agriculture. On this tendency of their doctrines, their contemporary, Galiani† wrote: "If the Economists mean to say that it is a good thing for corn to be high, they are not talking nonsense‡

* Cf. on Turgot, v. Scheel in *Zeitschrift für die gesamte Staatswissenschaft* xxiv, 1868, and v. sivers, in Hildebrand's *Jahrbüchern für Nationalökonomie*, xxii, 1874.

† "*Correspondance inédite*," i, 227.

‡ But on the whole Galiani despises the Physiocrats, and in one passage says, "sects are a source of help and a support to all weak-minded people, and this accounts for Jansenites, Free Masons, and Economists."

but they are using very revolutionary language; for the whole present system of society in all countries is based on a long established subjugation of the peasants; the countryman bears everything upon his back, kings, priests, parliaments and universities and so forth." The oft-repeated Physiocratic theory of taxation had the opposite end in view, for it was aimed not at the peasants but at the idle landlords.

From a theoretical standpoint, the importance of the Physiocrats does not consist in their view of net earnings and net incomes—a doctrine which, by the way, has been falsely restated, in a form in which even the weakest understanding can refute it—nor in their reaction against the over-estimation of the precious metals, nor finally in their doctrine of free competition. Their real and truly great scientific achievements are found in the facts that they gave us a clear conception of net profits and income, which had not been done before; that they based value and the production of value upon labor; that they substituted for the traditional empiricism the uniformity of law in economic occurrences; and, that on a higher level than their later admirers, they placed this uniformity in the sphere of social institutions (liberty, equality, property), which they discussed as economic problems.

Their conception of "*produit net*" and "*revenu net*," although now obsolete, is, nevertheless, of great importance in its historical connection. For the first time it pointed out the source of the surplus which is available for public revenues. The limitation of this surplus to the rent of land, the erroneous conception of rent which was the reason for this limitation, and the no longer tenable idea of net income are all stages in the progress of economic science by which we have

attained at our present insight into the nature of production. We shall miss the mark if we regard the distinction which the Physiocrats drew between the productive (that is, surplus-giving) and useful but non-productive classes, or any other similar ideas of theirs as their principal work; still less can they be held responsible for the customary misconceptions of their ideas.

Their theory of a natural tax, the "*impôt unique*" or "*impôt direct*," is admirable for its scientific consistency with their system; how thoroughly socialistic it is in its opposition to the landlords has for the most part entirely escaped notice in the usual repetition of their "over-estimation of agriculture." Indeed, the Physiocrats declared that the landlords were entirely superfluous, as they performed no labor; that if the State should absorb the entire rent, and thereby deprive them of their means of support, society would be just as well off as it was before; and that the landlords therefore should be quite content if the State, to provide for its wants, took a part only of the rent of their land as a just compensation for the protection it afforded their property.

In addition to this the Physiocrats made contribution to certain important principles of political economy for which they have scarcely received any thanks. For instance, the elder Mirabeau in his anonymous production, "*L'ami des hommes ou traité de la population*" (Avignon, 1756), undertakes an investigation regarding the size and support of population. The very starting-point of his discussion shows superiority over the wooden systems of many of the later followers of Adam Smith, and the results he arrived at already established the principle—afterward again developed by James Steuart, 1767—that the size of a population depends of 'the

quantity of food and the degree of civilization, a small band of savages requiring an extent of territory which if well tilled would suffice for a vast population. He extended his investigation to a consideration of morals, and condemns the luxury of the age because it is a means of diminishing that most valuable constituent of society—a well-fed population.

We must here part company with the Physiocrats, the first prominent school of political economy; and while we shall discover deep traces of their influence over succeeding generations and among other nations, in their own country we shall find them more and more belittled and misrepresented.

CHAPTER IV.

ADAM SMITH.

In France the Physiocratic doctrines worked in combination with the political and constitutional ideas of the age, to promote that mighty revolution, which was not, as the Physiocrats had expected, effected through the absolutism of the monarchy, but through the absolutisms of the sovereign people, for the radical changes of State and society took hold of everything at once. While the practical tendencies of the Physiocrats were in the direction of changes which, using modern party names, we might call social-conservative, that is changes of great social importance brought about by the agency of the existing authorities, the changes became in fact a social-democratic upheaval. Every measure by which a well-organized state administration would have tempered the introduction of the abstract theories of the new doctrine into actual life was swept away before the power of revolution.

We can readily understand that this was not the way to confirm the scientific authority of the new school. Consequently we find that, while in spite of all this the influence of the school remained powerful—so much so, that up to the present hour the name and character of an "*Economiste*" still reveals a close connection with its teachings—its doctrines reappeared in a foreign garb, being brought back from England, where they had undergone a sort of refining process.

It was Adam Smith who subjected them to this refining process, if we may apply that term to a transformation which blunted the keen bare edge of the science

in favor of practical prudence. Such, however, was his success that not alone in England, but throughout the civilized world, in France itself, and in Germany too, the new science, clad in the garb which he gave it, was victorious.

On British soil what has already been remarked in reference to the French economists became again apparent: the drift of the moral philosophy of the age was in the direction of a systematic knowledge of economic life. Adam Smith was surrounded by a circle of scientific friends, such as David Hume* and Adam Ferguson, who in their way, though not in the form of a systematic treatment of political economy, threw a great deal of light on this subject of investigation. He made himself known among philosophers by his attempt, while professor of moral philosophy at Glasgow (1751-1763), to explain the nature of the moral sentiments. ("Theory of Moral Sentiments, 1759.") Ten months which he afterward spent in Paris brought him in contact with the Economists. Returning in 1766 to his mother's home, he began his great work on political economy, a laudatory announcement of which appeared in Adam Ferguson's "Essay on the History of Civil Society." †

Before this time English literature possessed a work on political economy, written by Sir James Steuart, which as regards scientific treatment and wide circulation, almost equaled the later work of Adam Smith. This was the "Inquiry into the Principles of Political Economy," which came out in 1767, and was immediately carefully reviewed in the *Göttingischen*

* "Essays, Moral and Political," 1742. "Political Discourses," 1752.

† "A theory of national economy equal to what has ever appeared on any subject of science whatever." Cohn, in a foot-note, shows that these words of praise did not, as Roscher asserts, appear in the first edition of Ferguson's work, which came out in 1767, but were first inserted in some later edition, presumably the third which appeared in 1773.—*Translator*.

Gelchrten Anzeigen, of 1768; while in the year following two German translations appeared. It was a comprehensive work, and by no means merited the oblivion into which it has long since fallen—thanks, besides other reasons, to its banishment into the “Mercantile System.” Adopting an arrangement of his material, such as his successors cannot always boast of, Steuart, like the elder Mirabeau, traces out, in the first part of his work, the natural and historical reasons for the increase of population, in a manner unequalled for thoroughness, moderation and lucidity by any subsequent writer down to the time of Malthus. Even Malthus, by reason of the polemical character of his work, is as much below Steuart in soberness of tone as he is superior to him in passion and eloquence. And how refreshing is the purity of scientific atmosphere in Steuart’s work, where, having occasion to make use of a Biblical illustration, he adds that it is foreign to his purpose to examine the supernatural means by which God multiplied His chosen people! Contrast with this the theo-teological bombast of his German contemporary, Süssmilch.

The same thoughtful tone is again manifested in the second book, where the author undertakes to investigate the wants of a population, and in the course of the discussion expresses the opinion that, as soon as the members of the same industrial class have secured what is requisite to a comfortable existence, the endeavor should be made to restrict competition, which is so destructive of this prosperous condition, provided that it could be done; but in view of the increase of population, etc., it was unfortunately not possible. Such thoughtful discussions as this are so little in keeping with the storm and stress of the age that we can readily understand how

this thinker soon came to be pushed into the background by the newer spirits of the times, so that in the preface to a French edition of his work which appeared in the first year of the revolution the translator complains of the neglect into which the author had fallen.

But this neglect cannot be a reproach to these new system makers who in youthful enthusiasm for their doctrines and with the power of their "natural laws" held sway over the new generation, and relegated this careful thinker to a place in the background. A later generation should, however, atone for this injustice and may perhaps yet do so more than has hitherto been done.

In England it was Adam Smith whose effective doctrinarianism, in his "Wealth of Nations," took the men of intellect by storm, and thence his influence spread to Germany* and other countries. In the *Göttingischen Anzeigen* of March 10, 1777, his work was reviewed at length and spoken of as a classic. The year of its publication, 1776, a German translation was begun by J. F. Schiller, a German living in London, which was known to the reviewer of the *Anzeigen*, although it was not printed until 1778. Later a better German translation was made by the moral philosophers Christian Garve and August Dörrien, 1794-1796. (See *Göttingischen Anzeigen*, Jahrgang, 1794.)† In England edition followed edition, five making their appearance in Smith's lifetime. The sixth was brought out by his friend, Dugald Stewart, in 1791, and the eleventh by William Playfair, in 1805. Even then editors began enriching their editions by annotations, additions, biographies, etc., *e. g.*, the edition

* The lively interest with which each new publication in French or English literature was awaited and translated in Germany is remarkable. The *Göttingischen Gelehrten Anzeigen* was distinguished for its prompt and careful reviews of these works; and a multitude of German translations were issued, many of which directly followed the appearance of the original work.

† More recent translations by M. Stirner, 1846-47, and by C. W. Asher, 1861.

of David Buchanan, appearing in 1814. After that came editions innumerable down to the present time, and also translations into foreign languages, including Danish, Spanish, and Russian. French translations are especially numerous, their object being to darken the light of the Physiocrats, already little more than a smouldering torch. The translation of Abbé Blavet appeared in 1779. Smith himself speaks highly of it in his third edition. Five editions of this translation were published, the last in 1800-1801. In 1790 a translation was issued by Roucher with a volume of notes by Condorcet, while further editions by Germain Garnier appeared in 1802 and 1822. The substance of Smith's book, moreover, without the name and form of a translation was introduced in many foreign textbooks, especially in Germany. Indications of this practice are still very apparent in Rau's writings.

Playfair, one of the above-mentioned editors, in comparing Adam Smith with the Physiocrats, and denying or depreciating their influence over him, especially commends the author of the "Wealth of Nations," for the practical sense which held him far aloof from the radicalism of the French economists. The latter, says Playfair, were "too eager after system" to observe that England as well as Holland was far from imposing no legal restrictions on economic activity; on the contrary, such restrictions were numerous, but were imposed with greater prudence than was the case in France. At the same time, he adds, Smith lived so retired from the world, that it is astonishing how he could have written with such an insight into the relations of men in practical life.

But on such grounds Smith hardly merits a higher place in the history of the science than his French

predecessors. For not only does he fall short of penetrating any deeper into the nature of society by virtue of a better understanding of practical men and affairs than the French economists evinced, but on the contrary he contents himself with the same psychological premises, and draws conclusions therefrom with the utmost indifference to the actual facts of experience, or even shapes these facts to suit his conclusions, while his philosophical horizon is much narrower than that of the Physiocrats.

Indeed, Smith's success in making his work popular and influential in a practical direction, and thus adapting it to the needs of the science, was partly due to that very thing which, regarded from a strictly scientific standpoint, makes him inferior to the Physiocrats; namely, to his frequent blunting of the sharp edges of their logic. This was all the more effective, because, instead of their enthusiasm, he introduced a series of soberer observations which gave vitality to the abstract character of his work. But his countryman, Henry Thomas Buckle, certainly goes too far when he asserts that, "if all the commercial and historical facts in the 'Wealth of Nations,' were false, the book would still remain, and its conclusions would hold equally good though they would be less attractive; in it everything depends on general principles, and they were arrived at in 1752, that is twenty-four years before the work was published in which those principles were applied."*

Very different from the effect which the teachings of the Physiocrats had on the French Revolution, was the success of Adam Smith's influence on English public life. Smith, himself, lived to enjoy this success. The anecdote of his declaring after a long conversation with

* "History of Civilization," London, 1861, vol. ii, p. 466.

Pitt, that the great minister understood his book just as well as he did himself, which is related by Sartorius and repeated by Roscher, is in like fashion told of Edmund Burke, by Buckle, who cites two biographies of this statesman in support of the story. But it is certainly a gross exaggeration, and one of those which has so offended persons of cultivated judgment, and so much injured our science in the eyes of outsiders, when Buckle, in several passages of his "History of Civilization," speaks of Smith's work as perhaps, "the most important which has ever been written." Since, however, he bases this assertion, not alone on "the mass of original ideas" in the work, but on "its practical influence" as well, we must, while we deny the validity of the first reason, admit certain scope to the second.

Smith tells the story of Parmenides who, while delivering a lecture on philosophy, was deserted by all his hearers with the exception of Plato, but he continued his discourse, nothing daunted, with the remark that one Plato was worth as much to him as the whole audience. "And in fact," Smith adds "the well-considered approval of one judicious man affords us deeper satisfaction, than the noisy applause of thousands prompted by their enthusiastic but ignorant admiration of us." The reputation of Smith's "Wealth of Nations" is, however, due quite as much to these applauding thousands as to the judicious few.

This result was closely connected with the fact that, Smith's work appeared at a time when the new technique was beginning to create, for the first time, and on English soil, conditions favorable to his theories. The growth of industry and international trade silently contributed to the popularity of his doctrines on their native

land, and gradually, with the spread of the enlightened ideas of the century, throughout the entire world.

We must, however, consider the scientific content of the "Wealth of Nations." Long ago was propounded the fundamental question of the relation which the ethics of Smith's earlier treatise bore to that of his later economic work. It is a question which over and above the practical importance of the latter work in its day is calculated to shed light upon its true scientific value and its importance for all subsequent generations.

It is true that the "Theory of the Moral Sentiments" contains certain elements which do not seem in harmony with the philosophy of self-interest. Take for instance, the following passage: "The wise and virtuous man is at all times willing that his own private interest should be sacrificed to the public interest. . . . If he is deeply impressed with the habitual and thorough conviction that the benevolent and all-wise Being can admit into the system of government no partial evil which is not necessary for the universal good he must consider all the misfortunes which may befall himself, his friends, his society, his country, as necessary for the prosperity of the universe. . . . Nor does this magnanimous resignation to the will of the great Director of the universe seem in any respect beyond the reach of human nature. Good soldiers, who both love and trust their general, frequently march with more gaiety and alacrity to the forlorn station from which they never expect to return than they would to one where there was neither difficulty nor danger. In marching to the latter they feel no other sentiment than that of the dullness of ordinary duty; in marching to the former they feel that they are making the noblest exertion which it is possible for man to make. . . . They cheerfully sacrifice

their own little systems to the prosperity of a greater system." *

The wise and the virtuous man—not the majority of producers. But the fact is here stated that this self-sacrificing conduct is not exceptional, but characteristic of humanity; that soldiers are accustomed so to act, and that other classes are no doubt also habitually capable of such action. On the other hand, while Knies has long since shown how little Smith intended to maintain, in his work on political economy, that the egoism of the individual harmonizes with the common good of all, how on the contrary he has in repeated instances given expression to views akin to those of Hermann and Rau, yet for all that no one can seriously deny that in his "Wealth of Nations" Smith, like the majority of his contemporaries, stands upon the moral philosophy of "*l'intérêt personnel*." His disparagement of statesmen who presume to have a better understanding of economic affairs than the private individuals directly concerned in them, shows us that after all the element of public spirit so much emphasized later, especially by the Germans, is in his book everywhere subordinated to self-interest. Only he possessed too realistic a mind to quite overlook the numerous short-comings and defects of this self-interest.

The "Wealth of Nations" seems to me to contain so many inconsistencies in its general principles as well as in its particular doctrines that the attempt to postulate and prove any internal harmony in the work may as well be relinquished at once.

On the contrary, it may perhaps be reconciled with Smith's earlier work on moral philosophy. The theory of self-interest, taken in connection with his oft repeated

* "Moral Sentiments," book vi, sect. ii, cap. iii.

indignation over the narrow-mindedness of self-interest agrees with the leading idea of the earlier work. For this postulates the moral principle of "sympathy," not as exactly synonymous with benevolence,* but understood as meaning that man by nature agrees in his sensations with his kind and takes pleasure in this agreement. Hence follows as a principle of conduct, that we should place ourselves in the position of an impartial observer, and, as it were, look at our actions through his eyes.

If we unite this principle with the doctrine of self-interest of the later work, there results a mitigation of the self-interest, involving unsolved problem which forms the inconsistency of Adam Smith as well as the Physiocrats. Both alike tacitly accepted certain institutional and moral barriers to the natural instinct of self-preservation without recognizing the significance of such barriers. Both were here under the spell of that doctrine of natural laws and natural rights which in Holland, England, and France had for a century curiously confused and transposed natural and ethical forces.

Every man, so long as he does not transgress the natural laws of justice, shall be left entirely free to pursue his own interests in his own way. So said Smith and so said the Physiocrats. The problem of this "natural justice" remained an unconscious element which was destined to be first brought into consciousness through the subsequent influence of philosophy and the historical school.

Even in the separate portions of the "Wealth of Nations" Smith is superior to his French predecessors,

* Buckle's conception casts little light on this question. He sets the principle of sympathy over against that of self-interest in a contrast, which really does not exist, and regards these two works of Adam Smith as the two divisions of one complete subject without offering us any satisfactory evidences, either external or internal, of the truth of this assumption. "History of Civilization," vol. II, cap. VI.

more by his contact with practical life than in his scientific penetration. On the contrary, however, often his more naive, and therefore more realistic treatment of value, production, and rent has been extolled as a real scientific progress and a deeper insight into these doctrines, it is none the less true that Smith owed his success to a logic which dealt with its material less acutely and less consequently, than did that of the Physiocrats. He refutes them in the way which practical men with a sound common sense correct theories, without following them out on their own ground.

The much praised principle of the division of labor, from which Smith starts, he builds upon an insecure foundation. A little continuous thought must have suggested the question, how did this alleged first cause of the principle, or the inclination of men to exchange, originate, if before that time men did not possess different articles which they could exchange, and how did it happen that before exchange began there was a division of labor in the household between the sexes, between the strong and the weak, the free and the unfree.

Notwithstanding the historical significance of Smith's work is not to be measured by these or any similar defects. We have already indicated the reasons for his influence. They are grounded upon his realistic mitigation of the Physiocratic theories and upon the reconciliation which he effected between the extravagances of those abstract thinkers and the practices of the times. What he contributed to the science beyond his French and English predecessors will be considered in detail, but this is not the appropriate place.

CHAPTER V.

THE FOLLOWERS OF ADAM SMITH DOWN TO THE TIME OF JOHN STUART MILL.

How enduring was the influence of Adam Smith's work, not only upon practical affairs, but upon the science as well, and even upon the science of that country which in later generations contributed the most for the internal development of political economy, can be inferred from the words of Rau, written in the last year of his life (1869). "The fundamental ideas of Adam Smith," he says, "are derived so directly from the nature of things that later investigations only furthered the gradual internal development of his system without establishing a new one; hence the political economy of to-day, although, by no means, confined any longer to the content of the doctrines formulated by Adam Smith, is nevertheless regarded as his system."

The gradual internal development of which Rau speaks first took place in England itself. It was Robert Malthus who, in his examination of the theory of rent, and especially in his important "Essay on the Principle of Population" (1798), introduced a new epoch in the development of the science. He was, however, as we have seen, preceded by the elder Mirabeau and by James Steuart; while the controversy between David Hume and Wallace in regard to the population of the ancient world had also contributed to the subject. Nevertheless Malthus, with all the inaccuracies in his method, and in the formulation of his principle of the growth of population, deserves the honor of having set forth certain immutable truths concerning the natural and

ethical bases of society. Since his day only ignorance or misconception has made it possible to disregard these truths, upon which rests our knowledge of decisive causes of social prosperity.

In battle with the socialistic errors of his day, maintained by Godwin and Condorcet, and with the patriarchal socialism of the English poor laws, he entered the lists as the representative of a form of individualism which went beyond all reasonable bounds; but the principle which he maintained—that of a contradiction between the germs of life and the possibilities of life with the consequent alternative of solving the problem either through the destructive action of the forces of nature or by the regulative influence of human reason—is so unassailable that every prominent economic thinker has recognized it, setting aside all inaccuracies in Malthus' expression of it as matters of secondary importance. Charles Darwin in his work on the "Origin of Species" avows his faith in the principle by applying it throughout the whole domain of animal and vegetable life. "It is the doctrine of Malthus," he says, "which applies with redoubled force to the animal and vegetable kingdoms, because here there can be no artificial increase of the means of sustenance and no prudential restraint on marriage." *

Of the contemporaries of Malthus, the best known is David Ricardo. In acuteness of intellect he came nearer to the Physiocrats than did Adam Smith, whose work he adopted as the starting point for critical discussions on value, rent and profits. In 1817 he published them as the "Principles of Political Economy." Ricardo shared with Malthus the fate of being repeatedly opposed by those who had not read him or else who

* Chap. iii, p. 50, sixth edition, London, 1875.

did not understand him. On the other hand, his merits have been more frequently over-estimated than was the case with Malthus.

He was the first of those English business men who separated from the whole subject of political economy all that was without interest for a business man, and then proceeded to look upon what they had eliminated as non-existent. Ricardo was far from presuming to offer his "Principles" as a system of economics, as has often been imputed to him, for the very language of his book refutes the charge. He shows that he was well aware of the hypothetical character of his deductions from the principle of self-interest when, in discussing the theory of interest, he draws attention to the resistance which is, and in his opinion should be, offered to the internationalization of capital by patriotic considerations. His examination of income is the continuation of the efforts of the Physiocrats, which had been obscured by Adam Smith. The "misanthropy" which has often been imputed to Ricardo is due rather to the hostility of those who have judged him without reading his work. The "iron law of wages," so far as such a law has been laid down at all, was not first propounded by Ricardo, but in a form more obscure (to be sure), and therefore all the more severe, by Adam Smith. Ricardo, on the contrary, deriving wages from the general law of prices, the cost of production, developed and harmonized the theory by introducing the idea of a standard of life.

At the same time Ricardo's writings* have no further value, beyond their significance, as a logical purification of particular portions of Adam Smith's work. (In his earlier writings he discussed banking, money and

* "The works of D. Ricardo," by J. R. McCulloch, 1846. German translation of the "Principles," with explanatory notes, by C. Baumstark, 1837-38; 2d ed., 1877.

other questions of the day.) His work is to-day one of those which may be commended to students as mental gymnastic discipline in economics. But his horizon is narrow, and his logic not so penetrating and triumphant as it is often reputed to be. We can better understand his literary reputation, when we consider his numerous followers, above whom he stands pre-eminent, such as James Mill, McCulloch, Senior, Newmarch and Bagehot. For while Ricardo, taking the money market of the city as his starting point, developed into a student of Adam Smith's work and a critical commentator on certain portions of it, in these men we have a reverse movement from the existing theory back to the monetary affairs of Lombard street, until at last it seemed as if political economy had become an orthodox faith, whose preaching, and whose application was the affair of bankers.

Compare this development with the thinkers of the eighteenth century, to whom we have already been introduced, and especially with Adam Smith, to whom his followers are always appealing, and we observe how, hand in hand with the decline of the science, its doctrines are more and more degraded to subserve the interests of the moneyed classes as distinguished from the great majority of society. Those old masters, as we have seen, started with a warm enthusiasm for the general welfare of humanity. The Physiocrats, aroused by glaring contrasts in the conditions of different classes of society, developed their demands for reform by means of bold syntheses. Adam Smith was indeed more prudent and moderate, but he displayed such unmistakable evidences of good will toward the working classes, that in some of his utterances he seems dangerously severe upon the rich.

In the nineteenth century the scene changes. Instead of satisfying the profound need of a further development of the new science, the tendency was to regard it as completed, simply because it laid down a number of propositions which seemed to subserve the interests of modern industry, modern trade, and the money market. Wherever Smith, whose faith in the benefits of the growth of the new industrial society stood in any case in need of correction, had expressed or indicated views which were not to the taste of these new interests, he ceased to be an authority. English statesmen yielded more and more to the influence of this party doctrine. Among the older free traders were men like Huskisson, the friend of Canning, who, a few days before his death, delivered a speech in favor of a law to protect laborers against the truck system, proclaiming in noble words that it was the mission of the State to help the weak. But such men gave place to another type of statesmen, who introduced the laws of political economy into parliamentary debates with a frequency proportioned to their lack of acquaintance with the science to which they appealed. Theirs was a barren stock of wisdom which could be summed up in a few words, and traduced the very name of science by being as servile to the interests of one class as it was directly hostile to those of another. Even the most flagrant and crying evils of the nineteenth century gained a hearing before the law and the public administration only after long neglect and wearisome debates, in which the so-called natural laws of political economy were always trump cards to defeat any proposal of legal protection for the weak.

This then was what remained of the eighteenth century doctrine after it had been wrested from the faith and goodwill of the age which produced it, after it had

been detached from the soil of human sympathy in which it sprang up. Thus the principle of self-interest degenerated from a philosophical doctrine to a narrow-minded business policy.

There were not lacking in practical life, as well as in science, men who appeal to our sympathy. In Parliament there was Lord Ashley, later Earl of Shaftesbury, the friend of the working classes.* Having won distinction by supporting the first effective factory law (1833) and advocating at the same time an heretical proposal for a ten-hour day, he has ever since been an active agitator for all liberal legislative measures in behalf of the working men and the poor. Before him came that extravagant but noble philanthropist, Robert Owen, whose services to mankind consisted in the character of the man and the influence of his example on manufacturers rather than in his writings, or in the success of his schemes. And many other such men might be mentioned.

There is also, no lack whatever of literary monuments of a similar type. A disciple of Owen's, William Thompson, published in 1824 "An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness." The aim of the book was to secure a more desirable distribution of wealth by means of Owen's system of voluntary equality. At the same time the author has so correct a conception of the task of economic science that he proposes, by uniting permanent economic truths with humanitarian ideas to develop a social science which shall counteract the mechanical fatalism of the laws of nature, and introduce a better distribution in place of the existing inequalities of wealth to which these laws give rise.

* Speeches by the Earl of Shaftesbury, London, 1868.

He was, moreover, one of the first to utilize Ricardo's theory of value in a socialistic spirit, twenty years before Rodbertus Proudhon and Marx.

Again there was that remarkable character, Thomas Carlyle, who attacked the Manchester School with bitterest scorn, undermining by his keen criticisms the optimism of society, and in his pamphlet on "Chartism" (1839), warning the ruling classes that the condition of England demanded investigation more urgently than that of Ireland.

Finally we have the so-called Christian Socialists, Kingsley, Hughes, Ludlow and others, who, like Carlyle, unfortunately despised political economy more thoroughly than they understood it. Their only contribution to the development of the science was the protest of their noble sentiments. When, therefore, the question arose of replacing the existing order of society with something better their enthusiasm could not make up for their want of clear ideas.

The first name in the history of English political economy which indicated that the science had taken a new departure in the direction already suggested was that of John Stuart Mill. It is certainly no mere accident that it is the name of a philosopher which marks this turning point. Even his contemporaries, in so far as they failed to get beyond the narrow horizon of Ricardo, or indeed, failed to see any scope whatever for political economy outside their own narrow world of business, rightly regarded Mill as an apostate from the old school. William Bagehot (who died in 1878), for many years editor of the weekly *Economist*, prided himself on being the last genuine Ricardian in distinction from his contemporaries who, under Mill's influence, had all been alienated from the pure doctrine.

They were philosophers who in the eighteenth century, created the new and promising science of political economy, and it was likewise a philosopher who in the nineteenth century, introduced a new leaven in the dismal science of the money changers. Economics should never forget its debt to philosophy.

The task which Thompson attempted in 1824 Mill accomplished with better success. His widely circulated work was pre-eminent as an honest attempt to combine the "mechanical" theories of political economy—as Thompson called them—with moral ideas; and with this purpose in view he did not disdain the trouble of examining and criticising the theories of communists and socialists.

His work is entitled "Principles of Political Economy with some of their Applications to Social Philosophy." It appeared in 1848, following the publication of his "Essays on Some Unsettled Questions of Political Economy" (1844). It has gone through numerous editions. Three had already appeared by 1852. It was very soon translated into foreign languages, into German by A. Soetbeer, in 1851, and into French by Dussard and Courcelle-Seneuil, in 1852.

In it Mill intended to do for his generation what Adam Smith had done for his. "No attempt," says Mill in the preface to his "Principles," "has yet been made to combine Smith's practical mode of treating his subject with the increased knowledge since acquired of its theory, or to exhibit the economical phenomena of society in the relation in which they stand to the best social ideas of the present time, as he did with such admirable success in reference to the philosophy of his century." In this attempt Mill met with moderate success, at least in England, to some extent also in foreign countries.

At the same time his philosophy did not succeed in contributing anything to the traditional economic theory. What he did was to restore the philosophical standard as it had existed a century previous, and he gave a warning to the theorists of exchange and bank reserve and the production of the precious metals. In all the glory of these new riches he called to them "who does not abhor your millions as he sees the weeping ragged children lying at night upon the cold pavements of the Strand itself and of Lombard street!"

But as for developing the principles of political economy and freeing the science from the spell of the old school, as for exploding the brazen laws of self-interest and setting up in their place a recognition of the social-historical forces of society—all that was denied the pupil of Jeremy Bentham, for the very reason that this philosophy of his was nothing more than gleanings from the moral philosophy of the eighteenth century. Mill, indeed, was so deeply imbued with the French and English conceptions of a natural science of society, that he asserts only through the principle of free competition does political economy secure the character of a true science. We might ask whether there is no place for any system of knowledge (*Wissenschaft*) outside the domain of a true "science," or whether all knowledge of economics must in fact stand or fall with this doctrine of free competition? In the German national economy we have the answer to this question.

In his personal attitude toward social questions, Mill, with all the ruthlessness of an abstract thinker, wandered farther and farther away from the paths of the old school, until, shortly before his death (1873), he spoke in London in favor of abolishing private property in

land, while only a few years before he proclaimed abstract and radical views on the question of woman's position. ("Subjection of Women," 1869.) Nevertheless, the courage of his radicalism appeals to our sympathies, in the midst of his English surroundings whose leaden prejudices he does not fear, and which he attacked in his pamphlet on "Liberty" (1859).

Adam Smith's ideas were, as we have seen, introduced in France as promptly as in Germany. After the revolution his light obscured that of the Physiocrats, and his doctrines found an able, eloquent, broad but superficial exponent in Jean-Baptiste Say, who made some new contributions to the details of Smith's work.

But of greater weight in the history of science is the work of Sismonde de Sismondi, the "*Nouveaux principes d'économie politique*" (1819). He was not only the first economist to be profoundly impressed by the dark shadows of the new industrial world, but also the first to trace out their effects on economic theory, thus emphasizing the moral aspect of the science. This is all the more remarkable because from being a Saul of the old faith ("*De la richesse commerciale*," 1803), he became a Paul of the new.

The extraordinary activity of the French economists, whose orthodoxy was fortified by unfortunate experiences of recurring revolutions, is manifested in a long line of extremely prolific writers such as Rossi, Chévalier, Joseph Garnier, Bastiat and others. Since 1842 the activity of their school has centred in the publication of the *Journal des Économistes*. Against the socialistic sects they maintain the creed of the economists of the eighteenth century, only in a form modified by the new conditions and in a different spirit. One of their number, the financier, Léon Say, has recently made an open

confession. "The science," he says, "has neither in practice nor in theory shown a growth equal to that of the demands made upon it. One does not even take the trouble to combat on scientific or political grounds the ideas which come from Germany; our economists slumber in indolent optimism on the cushion of *laissez faire*." (*Le socialisme d'état*, 1884.)

CHAPTER VI.

GERMAN POLITICAL ECONOMY IN THE FIRST HALF OF THE NINETEENTH CENTURY.

In speaking of the influence of Adam Smith we concluded with the words in which, even as late as 1869, Rau acknowledged that the German national economy was still to be regarded as the system of Adam Smith. Rau's assertion would have been still more appropriate, though of course not so strikingly modest and candid, if applied to German political economy at the beginning of the century.

This was largely due to the wide scope and unsystematized diversity of knowledge covered by the cameralistic science of an earlier period. This inclined representatives of the science to content themselves with an uncritical presentation of the new doctrines. Roscher tells us that Chr. J. Kraus, an academic representative of this branch of learning, besides lecturing on political science and cameralistics, gave lectures on the Greek classics, on history, mathematics, practical philosophy and the encyclopædia of the sciences. Under such conditions it is indeed difficult to conceive how he found time or place for any thorough criticism or development of political economy.

In a comparison with such predecessors as these we have the only standard by which we may rightly measure and appreciate the merits of Karl Heinrich Rau, who in his "*Lehrbuch der politischen Oekonomie*"*

*Published in three parts (1826-1869). I—"Grundsätze der Volkswirtschaftslehre" (Principles of Political Economy). II—"Grundsätze der Volkswirtschaftspolitik" (Principles of Economic Politics). III—"Grundsätze der Finanzwissenschaft" (Principles of Finance).

accomplished all that could possibly be attained by combining the cameralistic traditions with the system and spirit of Adam Smith. A wonderful industry and the activity of his whole scholastic life was devoted to the work; a mass of literature, legislation and statistics was collected and worked over in it; the stock of quotations inherited from his predecessors was handed down to his successors enriched by many important additions. At the same time, the book written, as was customary then, with a view to practical use in the management of State affairs ("with constant reference to the existing public institutions"), fulfilled its purpose all the better because the author himself had participated in the public administration, and given it the benefit of his well-ordered counsels.

During the second third of the century Rau's work enjoyed great and well-deserved respect both in Germany and in other countries.

We encounter a similar close relationship to Adam Smith in the work of F. B. W. Hermann. But Hermann was more incisive in his criticisms than Rau, and his monographic publications contributed to the development of certain special doctrines. His political-economical investigations of the subjects of property, economic activity, productivity of labor, capital, price, profits, income and consumption ("*Staatswirthschaftlichen Untersuchungen über Vermögen, Wirthschaft, Productivität der Arbeiten, Kapital, Preis, Gewinn, Einkommen und Verbrauch*," 1832), have within the narrow limits indicated by the title of his work exerted a very enduring and creditable influence. English political economy, of a generation later was still pursuing many lines of progress which Hermann had already traced out in this work.

The posthumous second edition of Hermann's writings unfortunately does not reveal that advance which might have been expected from the life work of so clever a man. While the verbosity of the new edition is greater it reveals a consciousness of the needed solution of certain deeper problems, together with an incapacity for dealing with them.

Essentially superior to Hermann is Johann Heinrich von Thünen. The practical personality of the man awakens at once our expectations. An agriculturist his entire life, he was one of those rare natures who, far from pursuing knowledge as a profession, serve their chosen science from unselfish motives, retaining, as it were, all the enthusiasm and devotion of a first youthful love. In this respect he should be an example for all those practical people who never cease to oppose theory, not because of the theories themselves but because of their ignorance of them.

There is another trait of character which endears him to us. In the retirement and solitude of his Mecklenburg estate during the first quarter of this century, he began reflecting upon the condition of the working classes, and seeking to find some explanation of it which should satisfy the promptings of his heart. He did not succeed in attaining the end in view; indeed, from the point at which he started he could not succeed. But keeping within the limits of his scientific method, he produced a work which has survived him, and will endure for a long time to come. It was "*Der isolirte Staat*,"* an examination of the influence exerted upon agriculture by the price of grain, the fertility of the soil, and taxes, or in other words, an

* *Der isolirte Staat in Beziehung auf Landwirthschaft und Nationalökonomie.* (The Isolated State in its Relations to Agriculture and Political Economy), 1826.

examination of the reasons which determine the intensity of the several branches of forestry and agriculture.

This work was an application of that method of isolating abstract ideas which others, notably Ricardo, had before made use of; but von Thünen in his completion of the Ricardian theory of rent, applied the method with greater care and precision.

A second enlarged and improved edition of his work appeared in 1842, as the first volume of a larger work. The second and third came out between 1850 and 1863. The former year was the date of the author's death (September 22). The second volume deals with what von Thünen calls the "natural wages of labor;" that is, the search after a standard or just measure of wages in that portion of the total product which is the outcome of labor. The indignation which he manifests toward the English economists, for meaning something quite different from this standard of justice in their use of the term "natural" wages, does honor to his heart. Nevertheless, Smith and his followers could no more be forbidden to use that ambiguous term, "natural," in the sense they were so fond of (meaning cost price in distinction from market price), than they could be reproached, because they did not, like von Thünen, broaden the meaning of the word to include a problem, which from its very nature is insolvable.

All the more grateful should be the recognition of the debt which the history of the science owes to this strong desire to break through the barriers of the old school—a desire which is revealed in the above problem, but which certainly could not be satisfied so long as the spell, the methods, or the standpoint of the old school still prevailed. On the contrary, if the problem was to be solved, the fact of the totality of the product which

results from the co-operation of labor and capital must be accepted as the starting-point from which the question of distribution, in its relation to social development, should be investigated.

An economist who resembled von Thünen in being closely connected with practical affairs, while differing widely from him as to method, was J. G. Hoffman, an official of long experience in the Prussian Civil Service. He was for many years not only Director of the Prussian Statistical Bureau, but also Professor of Political Science in the University of Berlin and a member of the Berlin Academy. He possessed, moreover, a fertile literary talent, which to be sure he did not reveal until his old age, when he brought together the results of the labors of his lifetime. But notwithstanding all this, all his writings show the unmistakable traces of the practical man of affairs. The very arrangement of his material is faulty; a diffuse verbosity conceals the train of thought; and many good ideas lack elaboration or the formulation of their final conclusions. But, on the other hand, this excellent man, deeply imbued though he was with the influence of Adam Smith and the traditions of the old régime, gives us an abundance of acute observations which, though not fully utilized in their scientific significance, constituted, in their telling realism, a radical departure from the old school and its errors.

The list of his writings is as follows: "*Die Lehre vom Gelde, mit besonderer Rücksicht auf den preussischen Staat*," (Theory of Money with special reference to Prussia), 1838; "*Die Zeichen der Zeit im Deutschen Münzwesen*" (Signs of the times in German coinage systems), 1841; "*Die Lehre von den Steuern, mit, besonderer Rücksicht auf den preussischen Staat*" (Theory of Taxation with special reference to Prussia), 1840; "*Die Befugniss*

zum Gewerbebetriebe, zur Berichtigung der Urtheile über Gewerbefreiheit und Gewerbezwang, mit besonderer Rücksicht auf den preussischen Staat" (Rights of Industry, contribution to the question of industrial freedom or regulation, with special reference to Prussia), 1841; "*Sammlung kleiner Schriften staatswirthschaftlichen Inhalts*" (Collection of minor economic writings), 1843; "*Nachlass kleiner Schriften staatswirthschaftlichen Inhalts*" (Collection of posthumous minor economic writings), 1847. Although the last publication was called a posthumous, Hoffman himself was the editor (having finished the book on his eighty-second birthday, July 20, 1846). All these works are an important source of historical information in regard to the views and convictions which dominated the best minds of the Prussian bureaucracy during the first third of this century. They are, moreover, of lasting value for the study of the Prussian financial and economic policy and of its relation to economic theory.

It is perhaps, a matter of surprise that the important influence which we are accustomed to call the "historical school" took root so late comparatively in our science. It was doubtless due to the lofty self-sufficiency of the science and its contentment with doctrines which were asserted to be independent of historical facts. While language, law, and the state were coming to a true consciousness of their own nature under the guidance of historical investigation, political economy steadfastly adhered to those eighteenth century illusions which had transformed the historical into the natural. This coagulated mass of "natural" matter concealed from the eye both the actual course of the stream of development and the component parts of its content.

Individual thinkers, indeed, who were dissatisfied with this condition of things were not lacking. Such

was Sismondi, to whom we have already been introduced; and we shall presently encounter a great literary movement which, in the main, signified nothing more or less than a vigorous protest against the prevailing political economy. Moreover there was no lack whatever of discontents outside the circle of professional economists. Side by side with the protest of socialism and communism but springing, to be sure, from a different root was the dissatisfaction of the better educated and more thoughtful classes. We still have in the England of to-day living examples of this spirit of dissatisfaction in the philosophers, historians, and humanists who cherish an inextinguishable hatred of political economy. But clearly no reasonable man can be angry with a science, but only with those who are at the time its representatives, and with them only because of what they proclaim in the name of their science.

A prominent opponent of the English political economy at the beginning of this century was Adam Müller (1779-1829). He occupied a position half-way between the adherents of the science and the outsiders. His standpoint, indeed, was that which characterized the beginnings of the historical school. But his was really a case of a man in the wrong time and place—an isolated case, not followed by any further developments in the direction of the clearness and serious scientific methods which we admire in that school.

His main work, "*Die Elemente der Staatskunst*" (The Elements of Statesmanship), was the outcome of a series of lectures delivered to princes and statesmen in 1808-1809. It was followed by "*Theorie des Geldes*" (Theory of Money), 1816, and his work, "*Von der Nothwendigkeit einer theologischen Grundlage der gesammten Staatswissenschaften und der Staatswirthschaft ins-*

besondere”* (On the necessity of a Theological Foundation for all Political Sciences and for Political Economy in particular) 1819. Müller regards Adam Smith as the most learned economist of all times, but he sees in him (as did Franz List a generation later) the one-sided representative of English economic conditions and interests. In contrast to Smith and most of his contemporaries, Müller insists that man cannot be conceived outside of the State. He attacked certain features of the prevailing theories in many brilliant sallies. That these attacks, however, were rendered ineffective through their vagaries was only to be expected since they emanated from a mind which denominated definitions the poison of science. But if clear conceptions are poison so must clear thinking be as well. Consequently it is very instructive to note that that mystical play upon words revealed in such expressions as “immaterial capital,” or in the demand that the statesman himself should be “living money,” may already be found in Müller’s writings; and that in his references to the “slavery which the great mass of the people suffers at the hands of the money monopolists,” we meet with those catch-words of Romanticism which meet half-way the opposition of the radicals.

In Adam Müller we have an illustration of the ineffectiveness of a highly gifted mind without the discipline of methodical thinking. No traces of his influence are to be met with in German political economy until his writings were brought to light by men who supplied this lack of clear thinking and had learned to appreciate the worth of these earlier germs of thought.

*W. Roscher, “*Die Römantische Schule der Nationalökonomie in Deutschland*,” *Zeitschrift für die ges. Staatswissenschaften*, 1870, vol. xxvi.

Müller's friend, Friedrich Gentz, who belonged to the Romantic school by personal attachments and political development, did not produce any writings like Müller's. Still less can this be said of the English statesman, Edmund Burke, who was, on the contrary, a pronounced follower of Adam Smith, and can be counted among the Romanticists only on some such remote grounds as those on which they claim Goethe. Burke's renunciation of the French Revolution * was, to be sure, thoroughly in keeping with the tone of the romantic and historical schools, and certainly contained the germs of an historical view of state and society such as was destined later to overcome the doctrine of natural rights even in the science of political economy. But, considering how intellectual life develops, this by no means precludes his being, in the main, unconscious of what his views involved. We have repeated instances of this same thing: as when F. J. Stahl incorporates the economic doctrines of Adam Smith in his "Philosophy of Law," or Ihering in his "*Geist des römischen Rechts*" (Spirit of Roman Law), seeks support in the ideas of Rau.

There are other Romanticists to be mentioned whose attitude toward the political economy of Adam Smith is similar to Müller's. In the first place there was the patrician of Berne, Karl Ludwig von Haller, whose main work was upon the "*Restauration der Staatswissenschaft oder Theorie des natürlich-geselligen Zustandes der Chimäre des künstlich-bürgerlichen entgegengesetzt.*" (The restoration of political science or the theory of the natural and social condition of society as opposed to that chimera the artificial and civic society.) As a result of his mediæval view of the State he develops a theory of

* "Reflections on the Revolution in France," 1789, German translation by F. Gentz.

public finance and taxation which accords with his conception of the state drawn from private right, and which might contribute to the more recent controversies about the bases of taxation some remarkable points of view calculated to throw light upon the question *e contrario*.

Then there was the younger member of the æsthetic romantic circle in Berlin, Alexander von der Marwitz. Traces of his literary talent are to be found in his correspondence with Rahel Varnhagen to which List in the preface to "*Das nationale System der politischen Oekonomie*" (1841), refers in emphatic terms of praise. In one of these letters (1810), von der Marwitz writes of Smith and his German followers: "All their wisdom is derived from Adam Smith—a narrow man, although acute within the range of his narrowness,—whose theories they expound on every occasion, with tedious diffuseness, repeating his precepts like schoolboys reciting their lessons. His wisdom is of a very convenient sort, for independent of all ideas and untrammelled by all other tendencies in human existence, he constructs a commercial State equally suitable for all nations and all conditions. The only statesmanship required consists in letting people do what they like. His point of view is that of private interests; that there must be any higher one for the state he never once imagines; . . . and when towards the end of his work he comes to speak of important state affairs, of carrying on war, administering justice, and of education, he becomes absolutely foolish."

The young man who wrote these words List called the greatest economist of Germany. "And he must needs die before he had recognized his great mission."

This is the appropriate place to speak of List himself. He was anything but a Romanticist, although, by his

own statement, personally acquainted with Ad. Müller and Gentz. His relation to Romanticism was similar to the relation of the national uprising in the War of Liberation to this great intellectual movement. Just as that uprising, after its ideal elements had gathered strength in the twilight of the previous age, brought that product of modern times, the national state, to the light of living reality, so List's agitation in the service of German political economy, thoroughly realistic as it was, consisted of practical deductions drawn from those promptings of Romanticism which were partly literary, partly vague and confused, but, in their national significance, thoroughly wholesome and fruitful.

He was so pre-eminently a practical political economist that his full significance was not recognized until the present day,* after all, that for which he labored, and for which like a true apostle he suffered, has been accomplished. Now, that this recognition has once been accorded, it has occasionally led to an over-estimate of the worth of his scientific services. For they do not equal the great practical importance of his work. It is the strong impression created by a belated gratitude to the great patriot, which leads to the laudation to-day of List's scientific importance, by the very economic historians who not long ago denied his merits.

The method in which he simplifies the economic development of nations by reducing it to three typical stages is not true to historical growth. This development does not follow so direct and uniform a course, nor has it always been the same in the different nations of civilization. In trade and industry Germany in the Middle Ages stood in the same relation to England as

* His principal work is "*Das nationale System der politischen Oekonomie*," 7th ed., with a historical and critical introduction, by K. Th. Eheberg, 1883. His "Collected Works" were published by L. Häusser, 2 volumes, 1850.

the latter did to Germany in the time of List, and in that earlier period the struggle of the English to assert their "national productive power" against the foreigners presented the same spectacle as did the struggle of these foreigners against the English in the eighteenth or more especially the nineteenth century.

Again, List's "*Theorie der Produktivkräfte*" (Theory of the Productive Forces) lacks scientific soundness. The dazzling contrast between "productive powers" and "exchange values" suited the needs of agitation, in coining useful catchwords; but it was no clear and definite conception.

He centred his efforts upon one single aim, to the neglect of certain great problems in the new economic conditions, such as no true reformer of economic science at that time could have overlooked. While directing his attention to the increase of national productive power, he failed to emphasize the significance of the human element in the economic system; the problem of distribution did not occupy his thoughts.

Such strictures as these detract nothing, however, from the great practical services which this man rendered, or from the glory of his patriotic martyrdom. Viewed from this standpoint, his unusually active life was so completely occupied with his agitation for German economic unity of territory, a German railroad system and German industrial prosperity, that it would be mere perversity to censure him for a lack of other efforts for which he had no time or opportunity.

Moreover there is no doubt but that his services proved to be of benefit to German political economy, but the very fact that this benefit was first realized through the subsequent labors of investigators who were truly scientific indicates that he himself did

not sufficiently appreciate the scientific bearing of his schemes.

Theodor Bernhardi was a man of essentially different type, superior to List in learning and more penetrating in his criticisms of the English theory. He was the author of "*Versuch einer Kritik der Gründe, die für grosses und kleines Grundeigenthum angeführt werden.*" (A critical essay on the respective arguments in favor of small and of large estates in the ownership of land.) It was written in 1846, and published at St. Petersburg in 1849.

Taking up this question in connection with the current German literature on the subject, he resolves it into fundamental questions of economic principles. He proves himself a bitter opponent of the English and French school, launching his destructive scorn not so much, however, against Smith and Ricardo, the masters of that school, as against their successors, such as Say and McCulloch. At the same time he was a liberally educated politician and historian rather than a true political economist, for he does not really take up and discuss his opponents' manner of reasoning, which is what ought to be done in any effective refutation of their theories. He was one of those critics who, like Sismondi before him and many others after him, without having read Ricardo thoughtfully or without having understood him, proceed to bring in an indictment against the misanthrope on grounds which are not apparent to the careful student of Ricardo's writings. The following passage from Bernhardi's works points out the defectiveness of the traditional method he was opposing, but at the same time reveals a characteristic disinclination to recognize the value of this method within its proper limits: "The passionate optimists of the

industrial system represent each of these disturbing crises as something isolated and accidental—a phenomenon always referable to some definite specific cause, which indeed is always present, so that we find ourselves in a society which is purely exceptional, as if events did not belong to the regular course of things in this world and we could look forward to a time when nothing will occur.” But to say this is, in effect, to break one’s staff over every scientific abstraction and to deny the relative value of the hypotheses of our science.

All the greater is the victory which Bernhardi wins over McCulloch and Senior, when with his own higher ethical-historical view of national life he disproves their theories of “immaterial capital,” or when he emphasizes the superiority of mind over economic interests in his refutation of views which would measure the worth of the state, war education, knowledge and talent, by the standard of economic productivity—precisely the error in which List sought out the theoretical weapons for his use as an agitator.

We are now at the middle of the nineteenth century, the turning point at which the science of political economy takes a new departure under the influence of the historical school. But before discussing this new development, to which we shall properly devote a separate chapter, we must mention a man whose influence, began, beyond question, to make itself felt in the second third of the century, while his scientific position was, for a long time after that, a monumental example for those who would reform German political economy by means of historical investigation. We refer to Georg Hanssen. Subsequent leaders of the historical movement, whose acquaintance we shall presently make, were forced to apply their efforts, first and principally,

to the discussion of method and fundamental principles in order to settle the many doubtful points which necessarily obstructed a clear-cut relation to the old school, but before their day, appeared this historian, who like the poet, who is unmindful of the principles of æsthetics, produced imperishable works. The subject of Hanssen's investigations was the system of land-holding. His essays, from the first to the last, cover a period of half a century. Yet, when the collected edition of his writings appeared in 1880,* containing some of his earliest productions, one realized how few traces of age were to be found in them. The earliest seemed as fresh as the latest.

Thus, while the conflict rages between the changing schools and methods, and one hypothesis after another finds favor, only to be again rejected, there are, nevertheless, certain resting places, and secure positions which give us the consoling assurance that, with all the uncertainties of knowledge, some fortunate minds will be permitted to attain results which are lasting.

* "*Agrarhistorische Abhandlungen*," 1880. Vol. ii, 1884.

CHAPTER VII.

THE SOCIALISTIC LITERATURE OF FRANCE AND GERMANY.

We cannot take up the consideration of the new German national economy without first examining the socialistic literature which has exerted its own remarkable influence on the German science.

The term "Socialist" was introduced into general use by the first French historian of socialistic writings, Louis Reybaud, who borrowed the word from Pierre Leroux.

The common feature of all this literature is found in its purpose: The improvement of the condition of the laboring masses. This is to be accomplished by an organization of society which shall subject personal liberty, as it now exists in the form developed by recent changes, to regulation and restraint in the interests of the whole community. What form this new organization shall assume is a question which is differently answered in a diversity of systems and projects to which various names have been given, either by the projectors themselves, or by others. Of these names communism is one which has sometimes been applied to all these systems and again only to some of them, without anyone being able—however often it has been attempted—to draw any fundamental distinction between that term and socialism.

The originators themselves were to a greater or less degree conscious of the wholly impracticable character of their projects. This was still more true in preceding centuries, when the very title of *Political Romances* adopted

for these writings, suggested fiction and renounced all claim to the possibility of immediate realization; when indeed the earliest of these works, the forerunner of the entire literature, was given the title of "*Utopia*," or "Nowhere," by its author, Thomas More. Similar instances may be found even in the literature of the nineteenth century (for example the "*Voyage en Icarie*" of Cabet, 1840); but they fall into the background, yielding place to the explicit formulation of a practical, socialistic policy intended for the present, or for the immediate future.

In conformity with this tendency the socialists have eliminated more and more the utopian element from their writings, but not without retaining a large residuum of it to the last. The nearest approach to a treatment of social topics which borders on the practicable has been made in what is significantly not only the latest development of socialism, but is also the one which is connected with the German economic science, and has therefore received the name of *scientific socialism*. For, after indulging in all sorts of unrestrained fancies as regards the ideal state of society, the socialists finally announced their serious intention of taking up the line of reasoning which had hitherto been confined to professional economists; and thus there came to be a bit of common ground to stand on within the realm of reality.

It has often been supposed that socialism, if it did not found a new science, at least gave rise to one. This, however, cannot be admitted. A new science arises when some group of phenomena, which hitherto has not been subjected to any scientific treatment, is brought within the grasp of systematic thinking, or when, by the process of division and differentiation, some portion

of a science already developed is separated from the parent stem to enter upon a new and independent life of its own.

Neither of these conditions is fulfilled in socialism. The field upon which it enters was appropriated and worked over by the political economy of the eighteenth century, and in fact by the very men who founded the science in France. We have seen that even a revolutionary disposition was not lacking in these first thinkers, and that, in the unhistorical nature of the demands made on the State, they came into contact with socialistic ideas. The socialists propose other and bolder innovations, but that plainly does not give them the right to call themselves the founders of a new science. Their claims, it is true, were presented at a period when the good old traditions of political economy were forgotten, when the industrial society had settled down comfortably in the acceptance of economic doctrines which were subservient to its interests, and had long since divested it of any tendency toward social reform. But all that does not change the one decisive fact that a science intended to be the science of society had long existed, and needed only to be revived in order to fulfill its mission. At the same time it may properly be conceded that socialism essentially promoted the revival of the science, and the importance of this reviving influence shall by no means be ignored; but even in that case socialism is at most nothing more than an element in the literature of political economy. This honor may be accorded it with as good a right as many utopias of an opposite tendency, which in their assumption of orthodoxy never once imagine that they are almost as far removed from the principles and relations of actual social life as are their extreme opponents with whom

they do battle from the standpoint of "science." This claim to a place in the literature of our science will present itself with great weight when we come to consider the more recent socialistic writings of Germany.

But it is, nevertheless, an excessive step in this direction, when with an increasing comprehension of the "scientific socialism" it has lead certain German political economists to propose that the term socialism be transplanted from the domain of utopias to that of strict science. For as every one knows, it is not the sound or the etymological derivation of a word which determines its meaning; since every word which has been in use for so long a time, and especially so much used in a very definite sense, acquires the ineffaceable impress of its history. Confusion of thought, and even embarrassment in the practical affairs of business, would result if a word thus marked should some day be so used, that it really meant something quite different.

Experience has already confirmed the above assertion; for in the first place, confusion of thought has actually been increased by such a treatment of the word, socialism; and in the second place, those writers who formerly introduced this objectionable terminology have quite recently begun to realize that it is advisable to adopt the clear distinction they so long disregarded.

It is no accident, much as the apparent contradiction surprises us, that socialistic systems have often been produced or fostered in minds which were even better qualified for the usual speculative enterprises of the business world than for social reforms. Michel Chevalier, *Enfantin* and the *Pereire* brothers, began in the school of French socialism, but soon transferred their talents to the realities of founding and administering business enterprises. *Henri Saint-Simon*, on the other

hand, after the wreck of his numerous industrial projects, devoted himself more and more to the elaboration of his philanthropic schemes.* This nephew of the rich Duke of Saint-Simon was still a young man of twenty-one, and, like Lafayette, had fought under Washington, when he laid before the Viceroy of Mexico a plan for cutting a canal through the Isthmus of Panama. Afterward, in 1787, he undertook to construct a canal connecting the capital of Spain with the ocean. Returning to France toward the close of 1789, he engaged in financial speculations in company with Count Redern, of Prussia. He asserts that these speculations were profitable, but that he was duped by his partner, who thought only of the financial gains, while he himself was working for glory.† Nevertheless, in 1811, Saint-Simon again invited this same Count Redern to join him in another enterprise—and of what sort? "In the organization of a good system of philosophy, that is, a good history of the past and future of the human race."‡ In the mean time he had sunk to the depths of misery, suffering from poverty and sickness. In 1805 he became a copyist in the Loan office at a salary of 1000 francs a year. From this condition he was rescued through the benevolence of an old acquaintance. He now began his publications on philosophy, mathematics, and the natural sciences, with which he sought to secure the favor and support of learned societies. He was literally starving when, in 1813, he wrote

* The collected writings of Saint-Simon (*Oeuvres de Saint Simon*, 7 vols., Paris, 1868-1869), were published under the direction of his pupil Enfantin. They form part of a larger collection, the "*Oeuvres de Saint-Simon et d'Enfantin*." The edition is a beautiful and attractive one. Enfantin's wealth which was greater than that of Saint-Simon defrayed the expenses of publication.

† "*Histoire de ma vie*" *Oeuvres*, vol. i, pp. 64-88. This autobiography was written in 1808.

‡ *Oeuvres*, vol. i, p. 111.

to the Emperor, "For fifteen years I have labored upon a work which would soon be completed if I had the means for existence; MM. Cuvier and Hallé are acquainted with it and find that it contains great and new ideas."* At the time of the fall of Napoleon, he took up in his writings, the political questions of the day, and in this way he came to study the social question. It is no easy matter to read these writings; lofty ideas and noble feelings are commingled in that confusion of subjective originality which we so often encounter in the domain of political and socialistic literature. Nor is it probable that these writings alone would have given him any such reputation and influence as he acquired through his pupils as the result of his personal influence over them.

The socialistic tendency in Saint-Simon, as it seems to me, first became prominent in 1817. It is revealed in the prospectus (April, 1817), of a projected periodical, entitled:† *Industrie, ou Discussions politiques, morales et philosophiques, dans l'intérêt de tous les hommes livrés à des travaux utiles et indépendants*, with the motto: "*Tout par l'industrie, tout pour elle.*" This prospectus says: "The eighteenth century could only destroy; we intend to lay the foundations of a new structure, or, in other words, propound and discuss the question of the common welfare, which has hitherto hardly been touched upon, and in that way recall politics, ethics and philosophy from their abstract and unprofitable speculations to their proper theme of study, the social welfare. All society is based on labor; labor is the only guarantee of its existence, the only source of its wealth." The work

* *Oeuvres*, vol. i, p. 143. The letter begins: *Sire, je suis le cousin du duc de Saint-Simon.*

† *Oeuvres*, vol. ii, p. 12.

announced in this prospectus appeared immediately (May, 1817). The "*Politique*" of Saint-Simon's adopted son, Augustin Thierry, the historian of later date, formed the second part of the first volume. Other publications soon followed ("*Le Politique*," 1819; "*L'Organisateur*," 1819-20; "*Du Système industriel*," 1821; "*Nouveau Christianisme*," 1825).

Saint-Simon's ideas are expressed in obscure form, and must with difficulty be separated from his effusions on philosophical and constitutional questions. He speaks much about the opposition between the industrial class and the legitimists and nobles, as if within the former or economically productive class, comprising as it does, managers and workmen, the social interests were harmonious. The duty of interfering in behalf of the needy did not assume a prominent place in his writings until the last years of his life; his later productions bear such mottoes as "God said, Love and help one another," or "He that loveth his brother, fulfilleth the law." His last words in his last work, the "*Nouveau Christianisme*," are addressed to princes in the tone of a prophet: "Hear the voice of God, speaking to you through my mouth; remember that God commands the mighty to devote all their strength to the promotion of the social prosperity of the poor."

It is in this last work of his in which he speaks of "*Christianisme actif*," practical Christianity, demanding a new society based on brotherly love, in much the same way as the Christian socialists of England did a generation later.

The teachings of Saint-Simon first acquired a firm structure after his death, through his disciples. The freer intellectual atmosphere created by the July revolution favored the spread of his doctrines. The

"Saint-Simonian religion" was proclaimed, and its "Priest," Enfantin appealed to the people in the following words: "Parliamentary government and its bourgeois mysticism is dying, the Republic with its anarchy cannot be brought into the world—and no resurrection awaits the legitimists and privileged classes in their ancient palaces. All social institutions must have in view the improvement of the moral, intellectual and physical lot of the poorest and most numerous class: to every one work according to his calling and recompense according to his works." *

A good literary testimonial of the influence of Saint-Simon is to be found in Bazard's "*Doctrine de Saint-Simon*" (Exposition première année, 1828-29) published in Paris in 1831. Here for the first time we have the unmistakable language of socialism, which has since been heard constantly for half a century, but which we miss in the writings of Saint-Simon himself. Take for instance the following passage in Bazard's work:

"Nature, God, utility have permitted man to hold slaves; later they forbade him from so doing; to-day they still permit him to lead a life of idleness, living by the sweat of the laborer, the tears of the child and the aged; but Saint-Simon has come to proclaim a new gospel: 'Thine idleness,' he says, 'is opposed to nature, to God, to utility. Thou shalt work!' . . . And what is the answer given by our economists, politicians and jurists? Will their science prove to us that riches and poverty are always to be inherited, that leisure is to be obtained through leisure, that wealth is to be the inalienable heritage of laziness? Do they mean to say that the son of the poor is as free as the son of the rich? Free

* "*Religion Saint-Simonienne. A tous.*" Paris, 1832. A la librairie Saint-Simonienne, rue Monsigny, 6.

when he has no bread! That each has equal rights? Equal rights, when one has the right to live without labor, and the other without labor has only the right to die! . . . They incessantly repeat to us that property is the basis of social order: very good, this eternal truth we too proclaim! But who shall own the property? Shall it be the idle son, the ignorant and useless—or the man who is capable of worthily fulfilling his social functions? They assert that privileges of birth have been abolished. What, then, is the family right of inheritance, resting merely on propagation of blood, but the most immoral of all privileges, because one can thereby live without work? . . . All our theorists are held in the spell of the past; they say that the son has always inherited from the father—with just as much reason might a heathen have answered the claims of Christianity by affirming that the free man had always held slaves. But from Christ humanity received the gospel of no more slavery; from Saint-Simon that of no more right of inheritance; to everyone according to his ability and to ability according to its work."

Thus reads an extract from the program of the new movement—full of fiery eloquence with no lack of incisive criticism of the argument of its opponents. Its demands go further than a just division of the means and products of labor; it requires that the feelings, knowledge and skill of the laborer should be cultivated; it demands in short his education in every sense of the word.

Let us remember that men like Augustin Thierry and Auguste Comte belonged to the school, the former, as early as 1825, brought out his great work, "*Histoire de la Conquête de l'Angleterre par les Normands*," which secured him membership in the Institute; the latter, while resembling his master in many respects, was

altogether more important and influential as a philosophical historian whose philosophy perhaps corresponded roughly to that "new science" which Saint-Simon sought to establish. Recalling these men, we can but consider the writings of this sect with serious attention, which in the development of German political economy they have not failed to receive. Their enthusiasm over their philosophy of history gave rise to exaggerations which they had to correct in later life; but all such subsequent retractions, corrections and greater toleration in their portrayal of past institutions, as well as their more mature consideration of feasible plans for the reform of present ones, could only modify their criticism on modern society without destroying the force of it.

We have thus devoted especial attention to these first and most prominent French Socialists. It will of course be impossible in this sketch to discuss the others as fully. It will always be remarkable in the history of this literature and of the socialistic movement that contemporaneous with Saint-Simon, but independent of him, there appeared another, differing from him in many respects and yet like him, an eccentric character, a visionary social reformer, who pursued his own remarkable course, and succeeded nevertheless in gradually gaining influence and a following, although—like Saint-Simon again—not until after death. This man was Charles Fourier. In 1808 he published his "*Theorie des quatre mouvements*," in which the leading ideas of his system were already laid down, viz., the substitution of "societary" for private households, and the organization of mankind in what he calls "phalanges," or associations, which should live in barracks scattered throughout the country, and rely on agriculture for support. Within

these associations harmonious feelings would prevail as a result of the free play of that instinct in man which finds delight in change and variety of occupation. This first production of Fourier's remained long unknown. It was followed by a series of other writings, among them, in 1829, the work which gives the clearest presentation of his views, "*Le Nouveau Monde industriel et sociétaire*."*

From the chaos of his phantasies two positive elements have survived: first, his exposition of production on a large scale; here his views have been confirmed by the facts of experience in an age which has quietly undertaken to secure the advantages of that form of production; and, secondly, his emphasis of co-operation as a remedy for the evils of modern society. Fourier has become known as the instigator of the practical co-operative movement in France in much the same way as Robert Owen was in England. The results of this movement were at any rate such that the prevailing orthodoxy of the economists had occasion to protest against the idea that truth could ever be derived from error.†

The most important of Fourier's disciples is Victor Considérant, author of "*Destinée sociale*" (2 volumes 1837-38), a work prefaced by an illustration of the "phalanstère" (*Idée d'un Phalanstère*). The desire of Saint-Simon and Fourier to make their science such that it admitted of mathematical demonstration is also characteristic of Considérant, who was, at one time, a student in the *école polytechnique* and captain of the *Ingenieur Corps*. That word "science" meaning, according to the specific usage of the French and English,

* "*Oeuvres Complètes*" de Ch. Fourier t. vi, Paris, 1845, à la librairie sociétaire.

† Jos. Garnier, *Journal des Economistes*, Novembre, 1867.

such exact knowledge as prevails in mathematics and the natural sciences, was accepted in all seriousness by Considérant. Here again there is a point of contact between socialism and its extreme opponents: "The proposed method first constructs in imagination a society inhabiting any sphere you please. In this society the social causes of evil are not present, and men employ their strength solely for the happiness of their fellows." In other words "the method is the same which is adopted in the solution of all mathematical problems." (I. 23.)

The most prolific of all these socialistic writers, P. J. Proudhon, began his work somewhat later than those already mentioned.* In his youth he acquired a wide reputation from his work "*Qu'est ce que la propriété*," in which he asserts that "property is theft." As years went by he developed in maturity of thought and moderation of tone, so that any adequate criticism of his achievements will not overlook his later productions, and especially those of a philosophical nature, which appeared only a few years before his death (1865).†

His social and political standpoint was quite peculiar, and not in keeping with the conception of socialism presented above. He adopts a system which he himself calls "mutualism;" that is, a social order in which all have a complete equality of rights based on real reciprocity or exchange of like services. This social order was not to be founded on any compulsion of public authority, but on the inherent power of justice. (Proudhon's

* "*Oeuvres complètes*" 37 volumes, Paris, 1873-83. Cf. Lexis, *Zeitschrift für die gesammte Staatswissenschaft*, Vol. xxxvii, 1881. The work of Proudhon on "*Die Philosophie des Elends*" (Philosophy of Misery) appeared in 1846, and was attacked by Karl Marx in a book entitled "*Das Elend der Philosophie*." (The Misery of Philosophy), 1847.

† Marx says he had to his great disadvantage infected him with Hegelianism (*Sozialdemokrat*, 1865), and Karl Grün continued it.

principal philosophical work is a discussion of "*Justice*." He therefore represents individualism in distinction from socialism; indeed, his enthusiasm for the abstract principle of personal liberty finds expression in that other catchword, which also originated with him and has fallen into such evil hands, "anarchy."

But this very delusion of his as to the possibility of constructing a new social order through the spontaneous action of moral ideas, brings him into close connection with the older socialists, and is remote from the actual social world and its problems of reform. The argument of his dream meets with a practical refutation in the actual and latest form of anarchy which—far indeed from realizing Proudhon's idea—reveals the real course which individualism will take when it starts out to subserve the interests of the suffering classes, by overthrowing the authority of the state.

Last of all comes Louis Blanc (1811-1882). Of all French socialists, he is the one who came nearest the world of reality. He was at least, so far removed from the phantasies of a Saint-Simon or a Fourier, that he did not imagine that he could redeem mankind either through the power of a new social religion, which only continued to repeat what had already been repeated for thousands of years, or even through any perversion of the psychological nature of work. Again, in contrast with Proudhon, who in common with both these others, erred in thinking to transform society by the spontaneous power of moral ideas, and indeed systematically rejected the authority of the state, Louis Blanc, in simple intelligible language, pointed out the sphere of the existing state activity, and proposed to widen that sphere, counteracting the evils of free competition while accepting its spontaneous formations as the

starting point for his reforms. We are here for the first time upon the *terra firma* of reality; the Utopian element is still present, but has withdrawn to a region in which the discussion is carried on by reasonable men, who, however much they may differ from one another in their views, have all ceased to find arguments in dreams of a new Christianity or of a reform of labor effected by the aid of the butterfly instinct in man.

Louis Blanc was a socialist, somewhat akin to the German socialists, whose acquaintance we shall presently make. In his plans he came in contact with them, or they with him. He became widely known very early in life through his "History of the Ten Years 1830-40," and his principal socialistic work, "*Organisation du travail*," (1841). For several years thereafter he was prominent in the politics of the French Republic and then, after undergoing twenty years of exile during the Second Empire, he returned to take part for a decade in the counsels of the new republic. He had evidently been sobered by the influence of maturer years and of his long sojourn in England, where he had come in contact with many Englishmen of note (a fact to which W. T. Thornton testifies in his book "On Labor," 1869).

Notwithstanding its far-fetched conclusions, his book on the "Organization of Labor" is an important work. It begins with the statistics of wages in Paris in order to prove the misery of the laboring population; it then goes on to show how the misery of the system of free competition is not confined to laborers alone, but includes the middle classes as well, since competition gives birth to monopoly. In those days a suit was brought in the courts against two express companies, which had combined to destroy a third competing company; the attorney for the defendant had remarked that anyone

was at liberty to ruin himself in order to ruin another. That, exclaimed Louis Blanc, characterizes this system of competition. The middle class is in process of dissolution: the factories are destroying the workshop; the large stores the small ones; the artisan who was his own master is being displaced by the day laborer who belongs to another, etc. Everything is purchasable; under competition even thoughts can be bought. . . . Then he proceeds to discuss the older experiences of the English economy.

Here we have deductions, and indeed expressions, which reappear soon after in the "Communitic Manifesto" of Marx and Engels (1848). Moreover, the methods of reform here proposed are similar to those in the Manifesto. The government is to be the supreme regulator of production, and for the fulfillment of this task is to be endowed with great power; it is to destroy competition by means of competition, establishing with the aid of public credit productive associations in all the most important branches of industry, and enacting laws for the conduct of the "*ateliers sociaux*." So far as the capital will permit, all laborers morally capable shall be employed in these enterprises, their wages being provisionally graduated according to the grade of their labor in order to furnish an incentive for rivalry so long as the consequences of their false anti-social education are still manifest. So soon as the new education has effected a change of customs and habits such an incentive will no longer be required. Of course, at all times wages must be amply sufficient for the support of the laborer.

When Louis Blanc, in answer to the sceptic, declares that he does not want the State to do everything, but only to take the initiative, and by its example bring the entire production of the country into line, we are

reminded of Charles Fourier, who in this respect was even more modest; he only wanted a single million to conquer the social world by the triumphant example of his phalanstère.

A special question which engaged Blanc's attention was that of the reward of intellectual labor, and of literary labor in particular. He is of the opinion that the author, to fulfill his mission worthily, must be superior to the prejudices of men, and have the courage to displease them. But what, he says, can be done if, as at present, the author writes for the sake of money, and if the intellects which work for higher ends are thereby ruined? Here again is a great mission for the political organization to fulfill.

As years went by Louis Blanc himself came to entertain more sober views, and his participation in the National Assembly in the later years of his life scarcely reveals any trace of these earlier projects of his, even though he remained to the last a member of the radical left.

During these years, when Louis Blanc and his socialistic schemes formed the centre of public interest, first appeared the German Socialists, who could be called prominent, compared with such unimportant dreamers as Weitling, the author of "*Garantien der Harmonie und Freiheit*," (1842) and who in distinction from other socialists have been called "scientific."

When one emphasizes the scientific character of their work, it is with the thought that these writers, recognizing the obligations which all scientific investigation and progress impose, availed themselves of what specialists had already accomplished in that department of science, to which for more than a century their labor had been devoted and endeavored by scientific methods

and criticism, to develop still further the knowledge which had been acquired. In other words, we are dealing here, not with a romance drawn from the imaginative power of a new apostleship, nor with the originality which results from ignoring all previous thought, since it is thoroughly despised, but, with truly scholarly investigations differing from others of their class, only in the bias of a specific mode of thought.

In so far as the scientific socialism finds its starting point, not in political economy, but in legal and political philosophy, especially in the poetical philosophy of the beginning of the century, it is preceded by a man who, through the boldness of his speculations, will long be conspicuous in the history of German philosophy, Johann Gottlieb Fichte. His "*Geschlossener Handelsstaat*" (The Closed Commercial State), a philosophical sketch, published in 1800, as an appendix to the theory of jurisprudence, and an illustration of a contemplated work on politics, was a conscious reaction against the political theories of his day, and combated the old idea of a *welfare-state** by its direct antithesis. When, says Fichte, it is asserted that the state has nothing further to do beyond protecting the personal rights and property of every citizen, it is tacitly assumed that property exists independently of the state, and that the state has only to consider the conditions of possession which it finds prevailing among its citizens without inquiring into the legal basis of acquisition. "Contrary to this opinion," writes Fichte, "I should say that the object of the state is, first of all, to give each citizen what is his; first place him in possession of his property, and after that, protect him in the enjoyment

* *Wohlfahrtsstaat* The idea is that the State should not merely protect the persons and property of its citizens, but should endeavor to promote their welfare by some more positive action or interference in their behalf. *Trans.*

of it." Such a duty is based on the principle that all men have the same right to live comfortably, and it must be a man's own fault, if his life is not as pleasant as his neighbor's.

Each individual is the servant of all, receiving in return his just share of the goods of all. The continuance of their condition is guaranteed to all. The government must plan to bring a certain quantity of wares into the market, so as to insure to its subjects the continuous satisfaction of their customary wants at prescribed prices; since foreigners are not subjected to its dominion, the state must be closed against intercourse with other states. "Those systems which advocate freedom of trade, demanding the right to buy and sell in any of the world's markets, were quite suitable for our ancestors, and are a survival of their modes of thinking. We have accepted these systems without examination, and now that we have become accustomed to them, it is not so easy to replace them with something else." Even the interchange of scientific thought with foreign nations must, if permitted at all, be carried on solely through the instrumentality of academies supported for that purpose. Traveling is justifiable only for artists and scholars, the idly curious should no longer be permitted to drag their tedious way through all the lands of the earth.

As for those who object to such a rational system, they are natures which take more delight in striving after gains through cunning than in any security of possession, thus they turn life into a game of chance. They are those who are continually calling for freedom, freedom of trade and acquisition, freedom from supervision and police, freedom from all order and custom. They regard everything which aims to secure rigorous

order as an infringement of their natural liberty; to them the idea of any arrangement of public trade which shall render impossible all swindling speculations, all accidental gains and all sudden acquisitions of wealth is simply repugnant.

So said Fichte, and we note with sorrow how in this bold flight of fancy he looks down with the consciousness of scientific exactness upon the fondness of the age for "enthusiastic fantasies."

We now enter the group of socialistic thinkers, who may fairly be regarded as having a part in scientific political economy.

The first of them is Rodbertus. His train of thought is outlined in his first publication: "*Zur Erkenntniss unserer staatswirthschaftlichen Zustände*" (The Understanding of our Political Economic Condition), appearing in 1842 as the first part of a work which was never continued. A fuller exposition of his views was then presented in his social letters to von Kirchmann ("*Socialen Briefen an Herrn von Kirchmann*," 1850-1851), and especially in the second, entitled, "*Zur Beleuchtung der socialen Frage*" (Elucidation of the Social Question, second edition, 1875). This was followed by his well-known work, "*Zur Erklärung und Abhilfe der heutigen Creditnoth des Grundbesitzes*" (The Present Want of Landed Credit its Explanation and Remedy, 1868-69), published contemporaneously with a series of historical economic articles on the national economy of classic antiquity (Hildebrand's *Jahrbücher* 1863 *et seq.*). Finally many years after his death (1875), a fourth letter to Kirchmann was found among his literary remains, and published with the title, "*Das Kapital*" (1884). Shorter articles appeared in the *Berliner Revue*; the most important, that on the "*Normalarbeitstag*" (Normal Working Day),

having been reprinted in the *Tübingen Zeitschrift für die gesammte Staatswissenschaft* in 1878.

Rodbertus (who adopted the surname of Jagetzow from the name of his estate in Pomerania) deduces his doctrine that labor is the sole basis of economic value from the accepted theory of the English school. We have seen that the revolutionary use of this doctrine in the service of the so-called working classes in the narrower sense of the term, is by no means so new a thing as it is generally represented to be. It was already observable in the theory and practice which in the eighteenth century preceded the French Revolution. The same thought appeared again as the fundamental idea of French socialism in the beginning of this century. Rodbertus, however, and his contemporary, Marx, like William Thompson and other men before them, acquired importance by accepting their theory of labor value from the hands of what they call the bourgeois political economy, especially the school of Ricardo; in other words, they discover in the hand of their adversary a weapon whose edge turns against him.

Physical labor—so runs their argument—produces all value, but existing legal institutions compel labor to toil in the service of private capital and deprive it of what it produces; indeed, as productivity increases, labor's share of the national product is becoming constantly less. Hence arises the necessity of socialistic legal institutions which shall place all capital in the hands of the community. The prospect of the realization of such a scheme must, it is true, be deferred for a period of about 500 years. In the mean time, however, preparatory measures are to be introduced, some of which (for instance, Rodbertus' normal day of labor) appear almost

more difficult of realization than even the whole socialistic scheme of production.

The literary style of Rodbertus is such as to demand considerable mental labor on the part of his readers; repetitions and amplifications are frequent. Although he is a keen and altogether abstract thinker, he by no means escapes serious errors of reasoning. The same sophisms which appeared in the first presentation of his theory of value are retained to the last. They are something as follows: He passes by in silence the fact that Ricardo, in following out Adam Smith's teachings, expressly declares that utility is the necessary premise of exchange value based on labor. He overlooks the fact that nature (material and force) is in an essential degree limited relative to the wants of man—a principle which Ricardo strongly emphasized as regards land, the economic character of which is thereby explained; therefore, the co-operation of nature is not, as Rodbertus so often asserts, gratuitous, but is an element which must be taken account of in discussing the production of value. He is mistaken in regarding manual or "muscular" labor as a sole reason for "costs" and asserting in regard to the share which mind has in production that this is not "an outlay." The underlying idea here is that muscular exertion requires, by the laws of nature, a physiological restoration of strength expended. But the inventive and executive activities of the mind are just as dependent on a restoration of physical strength, and it is not true that the mind is "unlimited" and "inconsumable." On the contrary, no form of labor, whether mental or manual, is in itself the occasion of the needed restoration of strength, for life without labor likewise demands such a restoration. Labor in its economic aspects whether mental or physical has its basis

not in nature but in civilization; it does not depend on physiological but on psychological reasons. Moreover it is not possible in any case to separate mental from physical labor; for the simplest operation in which the use of the muscles is guided by any trace of thought is a combination of both kinds of labor.

The wide-spreading or perhaps widely spread importance of this socialistic theory of value which we meet with in Marx and others, as well as in Rodbertus, has led us to devote a few words to it here before passing on, as we must now do, to the other socialists.

Karl Marlo (a pseudonym for Winkelblech, 1810-1865) began in 1848 the publication of a comprehensive work entitled "*Untersuchungen über die Organisation der Arbeit oder System der Weltökonomie*" (Investigation of the Organization of Labor or System of the World Economy). It appeared in a long series of parts down to 1854, but attracted little notice, although Roscher in his "*System der Volkswirtschaft*" devotes some attention to Marlo, and Rau had made mention of him. It was A. Schaeffle who, by referring to this work in emphatic terms of high admiration and acknowledging his own indebtedness to it in many essential portions of his "*Kapitalismus und Socialismus*," first brought Marlo into prominence again, aided, however, by certain favorable tendencies of the times such as had been lacking when Marlo's work first appeared. Thus it has come to pass that quite recently a second enlarged edition of his work in four volumes has been published. (Tubingen, 1884-85.) The first volume contains an historical introduction to political economy, the second a history and criticism of economic systems, while the two remaining volumes give the author's own system elaborated but not completed.

Marlo's great merit, in contrast with the other socialists (Rodbertus, Marx, Engels, Lassalle, George), consists in the stress which he lays upon the Malthusian law of population and in the practical conclusions he deduces from it, which, although exaggerated, are noteworthy in contrast with the fundamental error of other socialists who ignore the law. Any serious discussion of the lot of the toiling masses must start with an insight into this great natural law, which can indeed be counteracted by means of moral forces but not by ignoring its existence.

In Marlo's work the great questions of the principles of liberty and equality form the main topic of discussion. These themes are introduced in a connection similar to that found in the older socialists, but are discussed with greater moderation and calmness. Marlo was originally a naturalist, and with the habits of methodical thinking thus acquired he took up the consideration of these subjects, to which he was attracted by his philanthropic impulses; but in fact he never became quite at home in this field of investigation.

The recognition which he failed to obtain during his lifetime was freely accorded and from many quarters after his death.

In Rodbertus we have not the radicalism and active hostility toward existing conditions which characterizes other prominent socialists. He passed his life in rural retirement devoting himself to his science. As a young man he was even privatdocent in the University of Heidelberg. His participation in public affairs was only temporary, and furthermore, his attitude in Prussian politics associated him closely with the conservative party. He ambiguously defines his tendency in social questions as "social-conservative." When, however, we come to consider Marx, Engels and Lassalle, and we may

include the latest American representative of socialism, George, we find that they are all thoroughgoing and efficient agitators, belonging indeed to the extreme left of political parties.

Karl Marx (1818-1883) was for almost forty years a radical and socialist whose field of activity as writer and agitator was international, extending to the different lands in which he lived. His literary activity began with the appearance of the *Deutsch-französische Jahrbücher* (1844), which he edited with Arnold Ruge. He first published in 1847 a considerable socialistic work, written as a reply to Proudhon, and entitled "*La Misère de la philosophie*"* The same year, in co-operation with Fr. Engels, he prepared the "Manifesto of the Communists," which was issued in 1848, immediately after the February revolution. This brilliantly-written manifesto is something more than a criticism of existing conditions and an appeal to the "proletariat of all lands" to unite; it is also an historical sketch of social development treated in the light of "the materialistic conception of history" and a literary-historical criticism of the previous tendencies of socialism. It is significant not only for its acrimonious tone, but for its open confession of revolutionary aims. One who has read it encounters in the later and more voluminous writings of Marx no train of thought with which he is already acquainted; but these later works, in contrast with the *Manifesto* and the minor productions of the author, are written in as clumsy and unenjoyable a style as German erudition ever produced. In 1872 the *Manifesto* was reprinted.

In 1859 Marx published his "*Zur Kritik der politischen Oekonomie*," an imperfect production, the precursor of his main work, "*Das Kapital, Kritik der politischen*"

* Translated into German, preface by Fr. Engels, 1885.

Oekonomie," of which volume one, "*Der Produktionsprozess des Kapitals*," appeared in 1866 (second edition revised and improved, 1872; third edition, 1883, brought out under the supervision of Engels). Marx did not live to complete the work, but it has been proposed to publish a second volume from the manuscript he left behind him.

It has long since been remarked that this work is a combination of two dissimilar elements; the text is in part made up of abstruse dialectic reasoning, spiced with coarse witticisms; but this is interspersed with historical and realistic passages which are the results of positive research. Especially noteworthy is the author's familiarity with English blue books, reports of factory inspectors, parliamentary investigation of social conditions, etc.,—materials which, it hardly need be said, are always brought to the support of his dialectic reasoning, and only for the purpose of confirming the proposition therein developed. It sometimes happens that the author involuntarily forgets himself and is carried away by his materials, as when, for instance, he breaks out in unqualified praise of the English factory laws and inspection system, unmindful of the fact that the success of such measures is wholly inconsistent with the materialistic conception of history and with that merciless process of nature by which, according to his theory, capitalistic production is carried on.

With all the learning and power of abstract thinking which Marx possessed, we must deplore, even more than in the case of Rodbertus, that perversity of intellectual keenness, by which this learning was diverted into wrong paths. Less open to the idea of patiently developing the existing order of society than was Rodbertus, less hopeful of any gradual reform of particular

evils, Marx presses on with furious impatience toward the goal of a revolution, which by transferring all the means of production to the state, shall transform the existing capitalistic methods of industry, and thus terminate the exploitation of labor through the private management of capital.

There are minds which lack the sense of proportion as regards history. They construct a philosophy of human development which in a rough way does justice to the fact of progress; but they have no appreciation of the tortuous path along which the human race, under its natural limitations, and with its moral impulses, has painfully toiled to a higher level of existence. They are fond of dwelling upon the inevitable results of the mechanical laws of history; but nothing is so inconsistent with this necessity as the sharp contrast between their future systems on the one hand, and the existing condition and previous development of society on the other. Practically this inconsistency finds expression in the cynicism with which they confront the slow movement of reform, as it actually takes place in history, and scorn all labor devoted to transforming the controlling moral forces of society.

This mental disposition was common to both Marx and Rodbertus, widely as the two men differed in character and political views. The former was more violent and irresponsible, an expatriated conspirator; *

* What the limits of allowable freedom were in the matter of international agitation, Marx learned on more occasions than one, not only in continental countries, but in England as well. The Communist League of London, which was founded in 1840, and in 1847 became the centre of the International Congress for the preparation of the *Communist Manifesto*, was abolished by the government in 1843, in connection with the measures adopted to put down the Chartist movement. The "Alliance of the Just," which belonged to the League, was dissolved in 1849, whereupon many of its members emigrated to America. See report of K. Marx, on the occasion of the Thirty-sixth Anniversary of the founding of the Communist League for the Education of Workingmen, held in London, February 7, 1876, (in *Volkstaat* for 1876).

the latter more cautious and profound, a man connected with the interests which were dominant in existing society. Both alike play the trump card of the demagogue, by asserting that the social question is only a bread and butter question. This crude standpoint is very far from having even the merit of novelty; for it is precisely the standpoint to which the English and French school of political economy had degenerated, and which any rational treatment of these questions must contend with if the better traditions of the science are to be restored. Like the descendants of the orthodox school, these socialists did not separate economics from ethics without falling into the disagreement and inconsistencies which the obscurity of such a standpoint involves.

An old comrade of Marx, Friedrich Engels, is the sole surviving representative of the German literature of scientific socialism. At the outset he entered the contest side by side with Marx, assisting him in the publication of the *Deutsch-französische Jahrbücher*, and in the issue of the *Manifesto*. About the same time Engels published his work, "*Die Lage der arbeitenden Klasse in England nach eigener Anschauung und authentischen Quellen*" (Condition of the Working Classes in England, 1845, 2d ed. 1848). This book—like Marx's work on *Kapital*, which appeared twenty years later—seeks to appropriate from English materials everything which will darken the picture of the industrial conditions. While, however, this tendency is common to both writers, Engels is inferior to Marx in the thoroughness with which the task is performed, at least in so far as the quantity of materials used is concerned. But in the meantime the attention which Engel's work aroused in Germany was the merited recognition which optimism

was compelled to make of this disclosure of the dark side of the new industrial order. The social revolution, however, which Engels prophesied for England did not take place.

In later years, after the lapse of a generation, Engels, aroused by polemical criticisms, first brought out in the columns of the *Volksstaat*, a social-democratic journal, and afterward published in book form a considerable work under the title of "*Herrn Eugen Dühring's Umwälzung der Wissenschaft, Philosophie, politische Oekonomie, Sozialismus*" (Herr Eugen Dühring's Revolution of Science, Philosophy, Political Economy and Socialism). This book illustrates the truth, so often confirmed by experience, that all knowledge is so plastic in its nature that the forms, in which it is expressed may depend on the subjective environment of the writers, on the audience they address, and the contrast between them. In this instance a very advanced Social-Democrat opposes a writer of admirable intellectual powers who by peculiar endowments and the force of circumstances has been carried to such an extreme of radicalism that in contrast with him, a man like Engels becomes a sober historical critic. Especially significant is the way in which Engels discusses his opponent's purely abstract idea of equality; he shows how equality is dependent on historical conditions, he traces out the necessary and gradual evolution of the idea through the different stages of inequality, and justifies slavery as an indispensable condition of ancient civilization. "It is all very easy," he says, "to break out in a general condemnation of slavery and such things, or give vent to one's high moral indignation over abominations of that kind. . . . But in all this we learn nothing as to the origin of such institutions, the cause of their continuance or the rôle they

have played in history; and when we come to consider these questions we are compelled to say, however inconsistent and heretical it may sound, that under the conditions of those times the introduction of slavery was a great advance, . . . so long as human labor was still so unproductive that it yielded but little surplus above the necessary means of existence, a greater division of labor was the only means by which any increase of productive power, expansion of trade, development of state and law, or foundation of science and art was possible. The fundamental division of labor must be that between the masses engaged in ordinary manual toil and the privileged few devoting themselves to the work of direction and oversight, to trade, public affairs and, later, to science and art; slavery was just the simplest and most natural form this division could assume. Under the historical conditions of the ancient—especially of the Greek—world, slavery alone made it possible to advance to a form of society based on class distinctions.”

Engels' book, from which we have taken this extract, is admirably written. A second volume of this work is promised in his preface to the third edition of Marx's "*Kapital*."

Ferdinand Lassalle has less significance in the literature of scientific socialism than in the history of the Social Democratic movement. Not that he lacked a scientific education or made no contributions to science. On the contrary, he was very gifted, made a profound study of philosophy, jurisprudence and political economy, and produced philosophical works which are excellent. But as regards political economy and socialism, there is hardly a passage in anything he has written which has any scientific importance, compared with the writings of his predecessors and contemporaries whom

we have mentioned. All the more significant, however, are the effects which the brilliancy of his style, the fervor of his eloquence, and the boldness of his sophisms produced in the work of propagandism.

The progress of his agitation, from its imperceptible beginnings to its subsequent remarkable strength, has become the subject of an extensive literature, without even yet a satisfactory appreciation of his personality in the socialistic movement.*

His social democratic agitation was preceded by the production of two philosophical works: "*Die Philosophie Herakleitos des Dunkeln*," 1858, and "*Das System der erworbenen Rechte, eine Versöhnung des positiven Rechts und der Rechtsphilosophie*" (System of Acquired Rights, a reconciliation between positive law and the philosophy of law, 1867, second edition, with a preface by Lothar Bucher, 1880). Both works were written under the spell of the Hegelian dialectic. They were followed by a long series of social political pamphlets†, of which the most voluminous and important are "*Die indirekte Steuer und die Lage der arbeitenden Klassen*," (Indirect Taxes and the Condition of the Working Classes) a defence before the *Kammergericht* in Berlin (1863), and "*Herr Bastiat-Schultze von Delitzsch, der ökonomische Julian oder Kapital und Arbeit*" (Herr Bastiat-Schultze von Delitzsch, the Economic Julian, or Capital and Labor, 1864).

* J. E. Jörg, "*Geschichte der social politischen Parteien in Deutschland*," 1867. B. Becker, "*Geschichte der Arbeiter-Agitation Ferdinand Lassalle's, nach authentischen Aktenstücken*," 1874. F. Mehring, "*Die Deutsche Socialdemokratie, ihre Geschichte und ihre Lehre*," 1877; third edition, 1879. Georg Brandes, "*Ferdinand Lassalle, ein literarisches Charakterbild*," translated from the Danish, 1877. "*Une page d'amour de Ferdinand Lassalle*," Recit, Correspondence, Confessions, 1878. Helene von Racowitza, "*Meine Beziehungen zu Ferdinand Lassalle*," 1879. E. v. Pleuer, "*Ferdinand Lassalle*," *Allg. deutsche Biographie* (1883).

† The social democratic press has done much for their distribution since his death; during the operation of the law against the socialistic agitation it was forbidden to circulate them.

Differing from Marx and his associates, Lassalle proposed to carry out his reforms in behalf of the workingmen, through the aid of the existent State and in fact the Prussian State. He adopted Louis Blanc's proposal that the State should make use of its credit to found productive associations as a first step toward the solution of the social question. In his bitter criticism of prevailing conditions, he appeals chiefly to the concessions made by the "classical bourgeois political economy," and especially by Ricardo, who, it is alleged, established the "iron law of wages." In truth what Lassalle asserts was never postulated on the one hand nor admitted on the other, by Ricardo.* What the latter did establish was the law of population which lies at the bottom of the so-called iron law of wages.† But Lassalle did not recognize the true significance of this law, which will not cease to act because of the institution of any productive associations or the abolition of the capitalistic method of production.

I have had to refrain on the present occasion from mentioning other socialists beside the prominent names of French and German literature. Incidentally, however, some allusions have been made to the philanthropist, Robert Owen. His first work, "New View of Society, or Essay on the Formation of Human Character" (1812), contains the main principles of his ethical doctrine. Man is regarded as the innocent creature of circumstances and a corresponding degree of charity is demanded for him. It is the same ethics which with more sharply drawn conclusions has since come to be accepted by the

* Cf. Cohn, "*Volkswirtschaftliche Aufsätze*," p. 373, *et seq.*

† Engels now claims that in his "*Umrissen zu einer Kritik der Nationalökonomie*" (*Deutsch-französische Jahrbücher*, Paris, 1844), he first established the doctrine of the "iron law of wages," that Marx borrowed it from him, and Lassalle from both of them, but that Marx and Engels later departed from it in the sense indicated by Engels, "*Das Elend der Philosophie*," 1885, p. 16, *et seq.*

German socialists as "materialistic." Owen's efforts to promote the theory and practice of co-operation secured him a position in England similar to Fourier's in France; but Owen was more widely recognized than Fourier and exerted, indeed, a greater influence on the subsequent organization of actual co-operative societies.*

In discussing the history of English political economy we have already mentioned Owen's pupil, William Thompson, because, taking Owen's ideas as a starting-point, he makes a distinct effort to enter the domain of science.

The social radicalism of the English working classes and their representatives has scarcely produced another prominent writer worthy to be ranked with the French and German socialists named above.† Chartism, important as it was in the social development, failed to produce any writers on the theory of socialism.‡

For the latest agrarian and communistic movement, which centres in the Irish population (of Ireland and England) the apostle comes from the United States in the person of Henry George. This man, in his work, "Progress and Poverty," addresses himself "to those who, seeing the vice and misery that spring from the unequal distribution of wealth and privilege, feel the possibility of a higher social state and would strive for its attainment." His book has aroused great attention and attained a wide circulation; in London it has for years been sold on the street corners. A number of minor productions, such as "The Land Question," have appeared since then, all written to prove the evils of private

* G. J. Holyoake, "The History of Co-operation in England: its literature and its advocates." Vol 1 (1812-44), 1875.

† Ad. Held, "*Zwei Bucher zur socialen Geschichte Englands*," edited by G. F. Knapp, 1881.

‡ In the way of biographies cf. "Life and Struggle of W. Lovett in his Pursuit of Bread, Knowledge and Freedom," 1876.

property in land, and urge the necessity of a change to state ownership.

Aside from George's practical position—which belongs to the history of the Irish land question, the most remarkable feature in this personality is the reflection of certain phases of American economic development. In this respect he resembles the late Henry C. Carey, who was for a time excessively admired, especially in America. As writers both are altogether "self-made" men, and in both the conditions of economic life in America, have so to speak, found a naive expression only in different ways and at different epochs. The one was the prophet of an insipid optimism which his natural philosophy has only rendered more tasteless; the other is the apostle of the pessimism which has of late made its appearance in America in marked contrast with the princely munificence of economic productivity in that country. Both are overwhelmed by facts and unable to master them. The charm of studying these writers arises from the historical development mirrored in their works, not from the scientific spirit in which they made use of this development. George's literary style, we may add, is incomparably better than Carey's.

Furthermore in their hatred of English political economy they agree in the spirit of true Americans, like that which is becoming more and more prominent in American journalism, and indicates an inclination toward ideas which are far removed from the ancient reverence for law.*

This brings us to the consideration of the new German political economy.

* See for instance *Atlantic Monthly*, vol. I., 1882 (Henry D. Lloyd.)

CHAPTER VIII.

THE NEW GERMAN POLITICAL ECONOMY.

About the middle of the nineteenth century the centre of the study of scientific political economy was found in that country to which competent authorities of other lands had long since accorded the foremost place in legal science, ancient and modern philology and historical research. Not that this has occurred in the last decade only, when an Ernest Renan testified to Germany's pre-eminence in these sciences and when an Auguste Brachet dedicated his etymological dictionary of the French language to his master Diez, expressing his profound gratitude by repeating the words which Dante addresses to Virgil, "*Tu duca, tu signor e tu maestro.*" As far back as 1838 a similar recognition of the merits of German scholarship had been obtained and what is more remarkable it was bestowed by philosophy coming from an apparently hostile camp; the well-known pupil of Saint-Simon, Auguste Comte, in that passage in his "*Cours de philosophie positive*,"* where he expresses his indignation over the scholastic discussions of contemporary political economy, adduces as the most striking "among the numerous indications of an important change," "the happy introduction of the historical method" in German legal science.

The very source of this testimony, however, indicates that the features of the new development here referred to are by no means based upon, still less identified with, that alleged opposition between philosophy and history so often insisted upon (by unphilosophical minds). For

* Second Edition vol. iv., p. 197.

no historical school is capable in itself of discovering the point of view from which a science can be reformed. Just as the believers in a revealed religion only substitute another, that is, a popular form of metaphysics for that which is scientific, so, in precisely the same way, the historical school adopts a new and, it must be confessed, very defective philosophy in place of the old. Whoever reads Puchta, Savigny* or others of the leaders, must perceive it; we know moreover that the different branches of the historical school were very strongly influenced by contemporary philosophy, the Tübingian theological school by Hegel, the Berlin juristic school by Schelling; only when the famulus begins his work of drudgery does all philosophy cease, or if he does philosophize it is a great misfortune.

The questions here involved are in truth philosophical questions; if German jurisprudence in the first half of the century failed to recognize this and fulfill its obligations, the science in its latest development has acknowledged the debt and is occupied in discharging it.

What, then, was the aim of the new movement with which the names of Möser, Herder, Wilhelm von Humboldt, Niebuhr, Grimm, Savigny and Eichhorn are associated?

The labors which these men devoted to the investigation of historical life are as grand as their task, viewed from the standpoint since attained, is simple.

The Middle Ages handed down all science to modern times bound in fetters. What Bacon said of the mediæval jurists, and Savigny afterward repeated, *tanquam e vinculis sermocinantur* was true, not only of jurists, but

* Savigny, in his pamphlet which clearly expresses his point of view: "*Vom Beruf unserer Zeit für Gesetzgebung und Rechtswissenschaft*." (On the mission of our times as regards legislation and legal science), starts out from Bacon's idea (as Roscher did a generation later).

of all scholars. A thick cloud seemed to intervene between objects and the thinking mind; but the cloud rested not on the objects but on thought. In a chaos of preconceptions, thought was bound and powerless. The intellectual awakening, generally designated by the French word *renaissance*, as is the way with human progress, was not complete all at once. Step by step it advanced. Prepared by repeated ineffective efforts during the Middle Ages, it first appeared in Italy, spread thence to other lands, only to attain at the height of its influence, a portion of what it should have accomplished. It was something to have cleared away the refuse under which the remains of classic antiquity lay neglected, and to have thus regained the real classic world in its monuments and literature; it was something even if this work of purification stopped half-way, not pressing on to the heights of antiquity, but only as far as the outlying peaks and spurs. The greater task, however, of bringing these purified facts into their proper relations with the whole course of historical development, or attaining a scientific mastery of this material, was by no means accomplished. There was delight and pride when scholars succeeded in assigning to their proper place the Latin writers on Roman history; but to assign historical science its proper place in reference to these writers, was a task which this period was still unable to accomplish; the time for its accomplishment did not come until the nineteenth century, in the generation which produced Niebuhr, Mommsen and Ihering.

Thought unfettered by preconceptions first made its appearance in another portion of the field of science—in the realm of natural phenomena where the subject-matter of study is tangible, and therefore encourages

intellectual independence. The victories won by the investigators of nature during the transition from mediæval to modern times and sealed by martyrdom, gave rise in the course of two centuries to a triumphal procession which compelled everything claiming the name of science to bow down before it. Thus it came to pass that the efforts to find a scientific basis for legal, political and social life were brought under the irresistible sway of conceptions which prevailed in the natural sciences. Only with this complication in view can we understand the legal and political philosophy of "natural rights," which was universally accepted in the seventeenth and eighteenth centuries. For so it is with man and the human intellect: the weapon which delivered him from the dogma of the Middle Ages becomes itself a dogma of the new age. The former was called revelation, the latter natural law. Even to-day French and English science is under the spell of the natural law dogma; in both languages the term "science" as applied to any body of knowledge conveys a bias toward the meaning with which the term is used in the natural sciences.

It has been the task of the historical school to overthrow this dogma of a natural law which obscures the real world of history while seeking to unveil it, and gain an insight into the actual condition of historical life. As might be expected, this was for the most part a one-sided process, and even up to the present time the illusion is prevalent that the effort to discover permanent principles of historical life should be once for all relinquished, and that in the mere narration of historical events we have the science of history. Nevertheless, the success achieved has been such that all one-sidedness and special dissensions lose their importance in face of the real scientific progress. The great tasks which yet

remain unperformed do not detract from the value of what has already been accomplished.

As at the beginning of the nineteenth century the activity of the historical school, in the various lines of study it had taken up, was wholly confined to Germany; a similar development as regards political economy could hardly be looked for elsewhere than in Germany.

It has already been remarked that political economy, outside of Germany and especially in England, had fallen more and more into the hands of business men who had no idea whatever that the underlying principles of the science required any further development. The practical man cares only for what he can use, and masters readily only what serves his purposes. Thus it was with political economy. A wide-spread feeling of uneasiness regarding the stability of the entire structure of economic doctrine first appeared in Germany. This feeling was not confined to outside attacks only, such as we meet with elsewhere, but appeared within the science itself in the utterances of such men as Robert Mohl, Ancillon and Hermann, who continually protested against the notion that political economy was, in its fundamental principles, a completed science.

So it was that in Germany, again, several investigators took up, almost simultaneously, the examination of these fundamental principles; and their well-directed efforts led to more fruitful results than the dry logic of Hermann or the scholastic criticism of Mohl had been permitted to attain. They directly followed the example of the historical school of law and philology.

Here again we have an instructive indication of the way in which our science has been developed by men who have been specialists in other departments of learning, in philology, history, philosophy, or jurisprudence,

before turning their attention to political economy. No formation resulting from grafting the cameralistic art upon the doctrine of natural rights could have given us a science internally capable of any such development as that which we have here. Assistance must come from without. The German political economy of to-day, which gratefully gathers the fruits of half a century of preparation, has little occasion to find fault with the imperfections of these early efforts and beginnings. The history of the science is not concerned with what each individual achieved or with the defects of his achievements, but with the total result of the manifold corrections and completions worked out by many minds which in most respects differed widely from one another.

Lorenz Stein approached the subject of political economy from the side of legal science and legal history. In 1842, he wrote his work, "*Der Socialismus und Communismus des heutigen Frankreichs*," (Communism and Socialism in modern France), as a contribution to contemporary history. In words which sound commonplace to us to-day, but were new and epoch-making then, he demanded that political economy should be broadened into social science. It is a matter of secondary importance that, at that time and later, Stein was of the opinion that this progress would take the form of a new "science of society." We have already pointed out that political economy, if true to its best traditions, is destined of itself to comprise a science of society, or develop into such, and we believe that the facts of subsequent experience confirm our opinion. In any case, Stein's merits remain the same.

At that time he spoke the words which gave to German political economy its characteristic impress, distinguishing it from the socialistic movement and literature,

and placing it in advance of the contemporary schools of France and England. "On Germany," he said, "devolves the noble mission of reconciling in her science all contradictions of the European world. Shall we be mastered by the mightiest contradiction of our times making its appearance in France, because we cannot meet it with any clear conception of the nature and form of the social problem?"

In discussing the socialistic and communistic literature, Stein emphasizes the connection between this literary movement and the social development of the particular nation in which it arises. In this respect he differs from Louis Reybaud, whose treatise on this subject antedates Stein's by several years. Stein seeks to prove his thesis as regards France; but in case of England he delegates the task to other hands. When he comes to discuss the same subject anew, the social-historical method of treating it becomes still more pronounced, and in accordance with the constructive tendency which is predominant in him, he prefixes the words, *der Begriff der Gesellschaft und die Gesetze ihrer Bewegung*, (Conception of Society and Laws of Social Movement), to his *Socialen Geschichte der französischen Revolution*, (Social History of the French Revolution, 1849; Second ed., 1885, 3 volumes.) To the same period belong several productions by authors, whose methods and aims differed from Stein's. Viewed, however, from the standpoint of to-day, they appear as co-workers with him in one common task.

In the foremost rank we must name a man, who shortly before had acquired a reputation by a philological-historical work, and then turned to political economy, Wilhelm Roscher. His "*Vorlesungen über Staatswirthschaft nach geschichtlicher Methode*" (Lectures on State

Economy on Historical Methods), were the outline of his lectures, which instead of dictating as was customary, he had printed.

The brief work thus published, was naturally, in view of its purpose, very meagre; moreover, this attempt to apply the historical method to political economy was only partially successful. In carrying out the end in view, it appeared that in the details it could only be attained with difficulty in face of the serious obstacles to be overcome.

At the same time, the importance of the "outlines" is not due solely to the fact that it was followed immediately by treatises, which fulfilled the promise of "clothing the skeleton with flesh and blood;" for after all, this little treatise in itself was like the egg of Columbus, and the one happy analogy by which Roscher applied the results of the historical school to political economy, was a scientific achievement. The conclusions which he drew from this analogy in regard to the mission of the historical school of political economy, are the same which the historical school of law had drawn for their science a generation previous—even his quotations from Justus Möser and Bacon are borrowed from Savigny; nevertheless, the service he rendered to our science is a great and lasting one.

Roscher's conclusions as to the mission of political economy, were as follows:

(1) The study of the economy of the state is a political science, whose mission is to understand men and control men. Hence, the necessity of investigating the economic ends which nations have striven after and attained, and the reasons why they sought and attained these ends; such an investigation, however, is only possible in close alliance with the other sciences

pertaining to national life, especially the history of law, state and civilization. In addition to this (2) we need, an investigation of the earlier stages of civilization in order to understand the nature of modern civilization; and further of (3) the economic development of different nations, with especial reference to the nations of classic antiquity, whose development lies before us in its totality. (4) Out of all this arises the practical demand which the science makes upon us, viz.: the task of constructing modern measures of economic policy on an historical basis, or in other words, learning what is suited for the present time by studying the historical growth of individual institutions.

It is obvious, Roscher remarks, that such a method seeks to accomplish for political economy what the method of Savigny and Eichhorn has accomplished for jurisprudence.

The writer next in order is Bruno Hildebrand, whose work, "*Die Nationalökonomie der Gegenwart und Zukunft*" (Political Economy of the Present and Future), appeared in 1848. Since Roscher several years before had already emphasized the close analogy of political economy to the historical school of law, all that remained for Hildebrand, in the way of a new contribution, was to emphasize the more remote analogy to historical philology. At the same time it was his intention, as announced in the concluding pages of this work, to develop this idea positively in the form of a discussion of the method of political economy, but he did not fulfill the promise, being prevented by his active life, void of scientific concentration. The result is that in the book in question, which was issued as a first volume, he confines himself to a description and criticism of the history and literature of political economy, devoting the greater part of

his space to the writers who were at that time most prominent in the public view.

The entire political economy of the eighteenth century is disposed of in a few pages (pp. 7-34). The Physiocrats (whom he had evidently never read *) are first discussed together with the mercantilists; then Adam Smith and his school. Then come the writers in whom Hildebrand took a greater interest—Adam Müller, Friedrich List, the Socialists and Proudhon. Superficial though this treatment is,† in two respects, certainly the book is excellent. First in the refreshing independence of the judgment which the author passes upon the literary productions of his day. He does justice to the national system of List and to the economic theories of his times, and then goes on to gather up all previous tendencies of political economy, like rays of light in one common focus. Unfortunately, however, he fails to present his total result. The second commendable feature of this little book is its literary style, which is such as was seldom found in German economics at that time and never before perhaps, if we except the writings of List. The language is clear, simple

* Cf. chapter on French Economists.

† Regarding the accuracy which Hildebrand demanded of the method of political economy and to which he laid claim in his own works, we may form some idea from the fact that Hildebrand had not even half read the little book of Fr. Engels, whom, because of his popular interest, he discusses at length. (More than a hundred pages are devoted to Engels or a more detailed treatment than all political economy up to the time of Müller received.) Hildebrand says of Engels, "He does not build upon the work of his predecessors, P. Gaskell and others, but comes forward as an independent investigator;" and again, "In his introduction he depicts with a few very successful strokes the industrial revolution of England since the middle of the preceding century."

Now the fact is that this very introduction so closely follows Gaskell that whole pages of it are almost a literal translation of Gaskell's book: "Artisans and Machinery" (1836). It is true that Engels omitted to mention the source from which he drew so freely; but when any one speaks so confidently as Hildebrand does of the relationship or independence of two different writers, he should know them both. Furthermore, a little farther along in Engel's book Gaskell is spoken of in terms of praise, and his earlier work on "The Manufacturing Population of England" is cited.

and in good taste. This alone is a sufficient reason for commending this work again and again to the attention of those who are thinking of beginning the study of political economy.

The obligations which Hildebrand failed to meet have since been discharged by Karl Knies in his own way. But what he produced was not really a theory of the method of political economy in the meaning of the historical school; on the contrary, it was a thorough discussion of the points of view to be considered according to the historical method, in distinction from the traditional treatment of the science; it was the completion and execution of the program laid down by Roscher in his "Outlines" (1843). These points of view are the history of the economies of nations in connection with other aspects of national life, the psychological basis of economic transactions, the economic institutions of nations as conditioned by their historical development; the relations of the individual to the community, and the evolution of national economies. In short, the attempt was here made to produce a fundamental work which should break the spell of the old dogma of natural law and natural rights, and liquefy the ethical and historical material which had become fast set in the molds of the old school. In the main, this attempt was successful.

Knies' book is entitled: "*Die politische Oekonomie vom Standpunkte der geschichtlichen Methode*," (Political Economy from the Standpoint of the Historical Method, 1853). A generation has elapsed in which the reputation and influence of this book has steadily increased. The new and enlarged edition which came out in 1883, would, it is true, have been received with more favor in scientific circles, if the material which had been omitted

from the first edition had now been introduced, or on the other hand, if the work had been transformed into a true method of political economy. But be that as it may, Knies' book, from the time of its publication to the present day, has been better fitted than any other to settle the question of what is really meant when one talks of an historical method of political economy. Outside of scientific circles the book would certainly have exerted more influence, had it possessed those formal excellencies of style which we meet with in Hildebrand's writings.

In his work on statistics which appeared in 1850, "*Die Statistik als selbständige Wissenschaft*" (Statistics as an Independent Science), Knies had evinced that peculiar kind of talent which is required for the minute analysis of these questions of method. He was the first to point out the dual meaning of the word statistics as commonly used, and the necessity of distinguishing between two distinct things. On the one hand, the method referred to by the term statistics, and on the other, the statistical data; *Staatenkunde* as understood by the Göttingen school of the eighteenth century. At first Knies was attacked for his views on this question; but here again he came off completely victorious. The writers who came after him, Rümelin, Ad. Wagner and others, have simply followed his lead.

It was these four men, Stein, Roscher, Hildebrand and Knies, who in the period of 1842-53 prepared the way for the German political economy of to-day. They are the ones most worthy of our attention in this connection. As we recede from these first beginnings and approach the present era, it becomes more and more imperative upon us to let that era speak for itself through its own achievements. We shall therefore confine ourselves to what is most essential.

Lorenz Stein continued the comprehensive works which we have noticed as his first fruits, and proved himself one of the most prolific of writers. His significance lies in the fact that for more than four decades he has stood steadfastly as a master in the entire realm of legal and political sciences; he has insistently reminded us of the mutual relations between these sciences; he has combined the old theory of political economy with the broader conceptions of a "science of society;" he has elevated the cameralistic science of finance and police to their proper places in a higher system of knowledge by showing their close connection with law and State. Planned with such bold strokes, his work shows not so much an elaboration of detail, as a laying out of boundaries and divisions of the whole. It is not so much the completion of the work as the rich and thoughtful suggestions which is notable. It is characteristic of Stein that he retains the individual theories of political economy comparatively unchanged, and does not follow the course pointed out by the historical school and by Knies in particular; other men, however, have long since made the deductions which render these theories plastic.

Stein's attitude toward the traditions of legal science is especially commendable. No one else has so often and emphatically reminded us, that "notwithstanding the powerful forces of the times in which we live, the education for public life in Germany in case of the great majority of professional jurists is still, as it always has been confined to the Roman Law, institutes and pandects, which stand in no clear relation after all to the rest of the positive civil law. Equipped with the Roman law, the professional jurist enters the representative assembly of the commune, county, state, or empire. But here they

do not deal with Titus and Sempronius; here the practical questions of public affairs come up for consideration; the communal welfare, the industrial system, the forms and privileges of associations, registration of landed property, the public health, roads, bridges, and a hundred other things must be intelligently considered and acted upon, of what use for this purpose are pandects and institutes?"

Stein's chief work is his "*Verwaltungslehre*" (Theory of Administration), begun in 1868. With all his magnificent talent he has not brought the work to completion. If we compare this work with Robert von Mohl's "*Polizeiwissenschaft nach den Grundsätzen des Rechtsstaats*" (Science of Police on the Principles of the Legal State), we can readily measure the development which this branch of learning has undergone in the hands of Stein. In 1870 he already found it desirable, in order to provide a completed work in briefer compass, to publish his "*Handbuch der Verwaltungslehre mit Vergleichung der Literatur und Gesetzgebung von Frankreich, England, Deutschland und Oesterreich*," (Manual of Administration, with Comparison of the Literature and laws of France, England, Germany and Austria, 2d ed., 1876). But of all his works his "*Lehrbuch der Finanzwissenschaft*" (Textbook on Finance, published in 1860, 5th ed., 1884-85), has had the widest circulation. Besides these works he has written several lengthy monographs in reference to questions of the day. Such are, "*Der Wucher und Sein Recht*" (Usury and its Law, 1880); "*Die drei Fragen des Grundbesitzes und seiner Zukunft*" (The Three Questions of Landholding and its Future 1881).

In his "*System der Volkswirtschaft*," (System of Political Economy), Wilhelm Roscher followed still further

the lines of investigation traced in his "*Grundriss*" of 1843. This work had the sub-title, "Hand-book and Textbook for Students and Business Men." It was to consist of four volumes, three of which have already appeared: I. "*Grundlage der Nationalökonomie*," (Principles of National Economy, 1854; 16th ed., 1882); II. "*Nationalökonomie des Ackerbaus und der verwandten Urproductionen*" (National Economy of Agriculture and of Industries Related thereto, 1859; 10th ed., 1882); III. "*Nationalökonomie des Handels und Gewerbefleisses*," National Economy of Trade and Industry, 1881; 4th ed., 1883.) The fourth volume, still to be published,* is to treat of the theory of public finance. The wide circulation of these textbooks has been the most effective means of familiarizing the general public with the ideas of the historical school of political economy.

The literary-historical portion of Roscher's "system" underwent a further elaboration in his "*Geschichte der Nationalökonomik in Deutschland*," (History of National Economy in Germany), which appeared in 1874 as a part of the Munich "*Geschichte der Wissenschaften in Deutschland*," (History of the Science in Germany). It had been preceded by his "*Zur Geschichte der englischen Volkswirtschaftslehre*," etc., 1851, (Contribution to English Economic History in the Sixteenth and Seventeenth Centuries). Besides these works, Roscher has written a long series of essays and articles in which his historical method is tested on particular economic questions; these were published in collected form under the title: "*Ansichten der Volkswirtschaft aus dem geschichtlichen Standpunkt*," (Views on Political Economy from the Historical Standpoint, 1861; new edition enlarged, 1878).

*It was published in 1885. *Trans.*

Another work of Roscher's is on "*Kolonien, Kolonialpolitik und Auswanderung*" (Colonies, Colonial Policy and Emigration, 1856; 3d ed., 1884).

One who was not well acquainted with Karl Knies might have inferred that his excellent writings on the method of political economy and statistics were preliminary to historical investigations of his own. This, however, did not prove to be the case. On the contrary, the fine reasoning powers and general culture which he evinced in these earlier writings became the instrument in the production of works which, in their method, stand nearer the old school of political economy than the new tendency which he expounded. His most important works, "*Die Eisenbahn und ihre Wirkungen*" (The Railroad and its Effects, 1853); "*Der Telegraph als Verkehrsmittel*" (The Telegraph as a Means of Communication, 1857), and especially "*Geld und Credit*" (Money and Credit, 1873-1879), show us the former philologist and historian in the midst of the mercantile and commercial affairs of modern life. Whoever has overcome the serious difficulties which the study of these works involves, can but admire the keenness and penetration of reasoning powers, which are far superior to the logic of Hermann and other predecessors. The influence of these writings would have been greater, had Knies not scorned to express himself in simple German instead of apparently going out of his way to avoid simplicity of style, in order to construct the most astonishing sentences and expressions. But these formal faults of style, which we find also in his earlier works, in no way detract from his permanent merits. His treatment of credit, the conclusion to which still awaits us in a volume on the public credit, gives us for the first time a standard work on this subject, and one which will probably remain such for a long time to come.

The later labors of Hildebrand were closely connected with the publication of his journal, of which we shall speak in connection with the entire periodical literature of the science.

The great development of this department of our work is a most welcome indication of the progress which political economy is making in range as well as in thoroughness. For a long time there was but a single journal of political economy. It was small in size and hardly regular in its publication. Then this solitary periodical was combined with a journal of general political science, so that for a decade there was no journal whatever devoted exclusively to economics. Such in brief was the career of the *Archiv der politischen Oekonomie und Polizeiwissenschaft* (Archive of Political Economy and of the Science of Police). It was founded by Rau in 1835. After 1843, it was continued as a "new series," with Georg Hanssen as assistant editor. But in 1853, it was combined with the *Zeitschrift für die gesammte Staatswissenschaft* (Journal of General Political Science), a publication which the Political Science Faculty of the University of Tübingen had founded in 1844.

It was not until 1863, that a second independent journal of political economy appeared; the *Jahrbücher für Nationalökonomie und Statistik* (Annals of Political Economy and Statistics). Edited by Bruno Hildebrand. It was significant of the changes which time had wrought, even in practical political economy, that contemporaneously with this journal, the *Vierteljahrsschrift für Volkswirtschaft* (Quarterly Journal of Political Economy), was started. It was published by Julius Faucher and Otto Michaelis, as the organ of the German Free Trade Party. Hildebrand's *Jahrbücher*, on the

other hand, confined itself to purely scientific ends, giving expression to this purpose partly by the purely historical character of its articles. The editor's articles on the method of political economy, stages of economic development, and similar topics were well-written, clever, but defective efforts. This want of logical clearness the writer sought to atone for by a few small fragments of economic history. As Hildebrand was always ready to sacrifice his best strength in promoting new undertakings, he deserves the greatest credit for having founded this journal under serious difficulties, and maintained it until he could entrust it to stronger and safer hands. In 1872, Johannes Conrad became associate editor, and in 1878 assumed full charge of the work.

But this economic journal was by no means to remain the only one. In the first place at this time the tendency toward political economy in the *Tübingen Zeitschrift für die gesammte Staatswissenschaft* was becoming more and more pronounced, under the controlling influence of Albert Schaeffle (and later, after 1878, of Adolph Wagner). Then with the founding of the German Empire the *Jahrbuch für Gesetzgebung Verwaltung und Rechtspflege des deutschen Reichs* (Annals of Legislation, Administration and Judicature in the German Empire) came into existence edited by Fr. von Holtzendorff. After a short time, in 1877, the word *Rechtspflege*, Judicature, in its title was replaced by *Volks-wirtschaft*, Political Economy. A little later this periodical came into the hands of that competent editor, Gustav Schmoller (1881) and entered upon a remarkably prosperous career. Closely related to the original intentions of the *Jahrbuch*, with its subjects and treatment, is the *Annalen des Norddeutschen Bundes und des Deutschen Zollvereins* (Annals of the North German

Federation and the German Customs-Union). It first appeared in 1868, and in 1870 was changed to *Annalen des Deutschen Reichs für Gesetzgebung, Verwaltung und Statistik* (Annals of the German Empire; a periodical devoted to Legislation, Administration and Statistics). It is edited by Georg Hirth, and contains a valuable collection of materials, as well as a series of critical, and partly also, general more academic contributions.

At the same time a number of statistical journals have sprung up in connection with the more important statistical bureaus of the German States. Especially noteworthy is the one edited by that highly gifted and energetic man, Ernst Engel, the *Zeitschrift des kgl. preussischen statistischen Bureaus* (Journal of the Royal Statistical Bureau of Prussia), established in 1861. The same editor had previously issued the *Zeitschrift des kgl. sächsischen statistischen Bureaus* (Journal of the Royal Statistical Bureau of Saxony). A similar journal for the Bavarian statistical bureau is published by Georg Mayr.

Let us add, and without mentioning other periodicals of less importance, that a journal has recently (1884) appeared devoted to one special branch of political economy: viz., the *Finanzarchiv* (Archives of Finance), edited by Georg Schanz. If, furthermore, we call to mind the periodicals which Austria and neighboring countries publish in the German language we see how marked by contrast is the lack of scientific activity in other nations, and especially in England, once the classic land of political economy, where up to the present hour no economic journal has been published.* The only

*The English now publish two journals, devoted to political economy: *The Economic Journal*, the journal of the British Economic Association, edited by Prof. F. Y. Edgeworth (Macmillan & Co.), and *The Economic Review*, published for the Oxford University Branch of the Christian Social Union (Percival & Co.). Both these journals were started in 1890, five years after Cohn's work appeared. There have also been several new journals started in Germany since the above was written.—*Trans.*

periodical which at all resembles ours is the *Journal of the Statistical Society*, which hardly equals the better class of our achievements in statistical journalism, especially in its palmy days. In France, too, there is only the *Journal des Économistes*, and that is the organ of a sect.

The special journals mentioned above, as well as those of a more general character, like the *Deutsche Vierteljahrschrift* or the *Preussische Jahrbücher*, reveal the scientific growth of the last twenty or thirty years and reflect the condition of German national economy. This busy, active, many-sided participation in the great problems of the science is characterized by the fact that the remoter tasks of scholarly investigation and the burning questions of the day have been co-ordinated, and, side by side, have been brought more and more distinctly within the horizon of the professional economist. We have space for a few more names only.

Albert Schaeffle began by publishing a small textbook on national economy (1858), which he afterward gradually extended and elaborated (second edition, 1867; third edition, 1873). A series of essays, in which with happy appreciation and lively fancy he treats of the inner content of socialism, led up to his first book on that subject, "*Kapitalismus und Socialismus*" (Capitalism and Socialism, 1870). A development and enlarging of it is found in the author's principal work, "*Bau und Leben des socialien Körpers*" (Structure and Life of the Social Body, 1875, *et seq.*). We have here one of the most remarkable attempts to construct from the standpoint of political economy a science of society, following as an analogy the hypotheses of the natural sciences. Besides producing these systematic works, Schaeffle has evinced his great literary fertility in relation to burning questions

of the day, having recently published, "*Grundsätze der Steuerpolitik und die schwebenden Finanzfragen Deutschlands und Oesterreichs*," 1880, (Principles of Taxation and the Impending Financial Questions in Germany and Austria); "*Der corporative Hilfskassenzwang*" (Incorporated Compulsory Relief Funds, 1882), and other works.

Adolf Wagner began his career as an economist, by publishing monographs on credit and moral statistics, which at once attracted attention. He then went on to take up a work of greater scope, viz.: the revision and elaboration of Rau's textbook of political economy. But the task thus begun developed under his hands, until he was led to undertake a large and independent work of his own. He proposed, that is, to publish a textbook of political economy, which should thoroughly discuss legal institutions with a view of providing, as a substitute for the doctrine of the natural rights of the individual, a positive answer to the criticisms of the socialists. The completion of this proposed work—the largest by far that has yet been undertaken in political economy—is not to be expected in the immediate future. The following volumes have appeared; "*Grundlegung zur Volkswirtschaftslehre*" (Fundamental Principles of Political Economy, 1875; 2d ed., 1879); "*Finanzwissenschaft*" (Science of Finance, Part I, 1871-72; 3d ed., 1883; Part II, 1880;* Part III, 1889). Of Wagner's earlier writings we may mention the following; "*Beiträge zur Lehre von den Banken*" (A Contribution to the Theory of Banks, 1857); "*Die russische Papierwährung*" (Russian Paper Currency, 1867); "*Gesetzmässigkeit in den scheinbar willkürlichen Handlungen*" (Uniformity of Law in Apparently Arbitrary Actions, 1863); an article on

* Second edition, 1890.—*Trans.*

"Statistics," in the *Deutschen Staatswörterbuch*, in 1867; and "*System der deutschen Zettelbankgesetzgebung*" (The System of Legislation in Germany regarding Banks of Issue, 1873).

Gustav Schmoller has been from the first an outspoken advocate of historical investigations, which, however, he supplements by philosophical studies, thus refuting the old erroneous impressions in which it is assumed that the historical and philosophical methods are two distinct things. He began with an essay on economic ideas in the time of the German Reformation, 1860; he then approached the modern industrial question in his excellent book, "*Zur Geschichte der deutschen Kleingewerbe im neunzehnten Jahrhundert*" (History of the Smaller Industries of Germany in the Nineteenth Century, 1870); but he soon changed his line of study, centering his efforts upon a history of the Prussian administration. Portions of this history have appeared as a series of articles contributed to the *Preussische Jahrbücher*, to the *Zeitschrift für preussische Geschichte*, and recently to his own *Jahrbuch*. Besides these works he has published, as a result of his study of the Middle Ages, "*Die Strassburger Tucher- und Weberzunft, ein Beitrag zur Geschichte der deutschen Weberei und des deutschen Gewerberechts vom XIII. bis XVII. Jahrhundert*" (The Weavers' and Cloth Makers' Guild of Strassburg; a Contribution to the History of the German Weaving Industry and German Industrial Law, from the Thirteenth to the Seventeenth Centuries). This work, consisting of documents and explanations, together with a glossary and index, appeared in 1879. Furthermore, in close connection with these studies, Schmoller has edited a collection of historical investigations by other writers in the "*Staats- und socialwissenschaftliche*

Forschungen” (Investigations in Political and Social Science), of which four volumes have been issued since 1879.

The need of some compilation containing, so far as possible, contributions from all prominent specialists which had long since been apparent in other departments of science—in the natural sciences, in medicine and then in jurisprudence, at last came to be felt in political economy. Thus, the inevitable consequences of the increasing division of labor become apparent as the science develops. From one point of view this tendency is a good thing, from another, not; it signifies a greater familiarity of the specialist with his own department, but it also means a lack of unity.

The need we refer to has been met in a most acceptable manner by the “*Handbuch der politischen Oekonomie*” (Manual of Political Economy), a work edited by Gustav Schönberg, with the assistance of a large number of able scholars (1882; 2d ed., revised and enlarged, 1885).

If now we turn our attention away from these monuments of the development of the German political economy of to-day, to consider the most salient characteristics of its contents, we shall find them to be something as follows:

First of all, this recent development is distinguished by a change in the nature of the ultimate questions which the science discusses. They have become more profound and fundamental. Great as the diversity between the different schools and different men may be, all (if we except, perhaps, a few disciples of Rau and Hermann, would agree that “Investigations in Political Economy” must have some other basis than the cameralistic logic found in Hermann’s book, whether we take the first edition of 1832, or his more diffuse but unimproved

treatment of the subject in the edition of 1870. However sharp the divergencies and contrasts between different individuals may at times prove to be—a want of agreement all the more inevitable just because it rests upon differences in natural traits of character—and whether the controversy rages about the construction of a new system or about the explanation of a past epoch, all disputants alike would admit that for the “why” of the science one must delve somewhat deeper than has hitherto been done. To take an instance, if the problem was that of caring for the poor they would agree that something more is requisite for its solution than a few platitudes such as Rau lays down when he says that: “the support of the poor is often undertaken by private charity, the church likewise devotes more or less attention to this work, but at the same time the co-operation of the State is also indispensable.” They would agree that this question first becomes capable of a scientific development when the complacency which is satisfied with such industrious compilation has given place to discontent over the problem which is here presented.

As a result of this increasing profundity in our science the past system of ethics with its unalterable principle of self-interest and its natural laws—a system which was either uncritical or incapable of criticism—has been relegated to the position long since assigned it by other German sciences, especially by the philosophy of a century. As is always the case when research becomes more profound, the discovery has been made that what the old school accepted as axioms mark the points where the most serious problems of the science first make their appearance. That which to the superficial glance seemed firm and solid proves on investigation to

be unstable and yielding. In this connection the mechanical juxtaposition of individual and community, of natural law and State first became intelligible; what had so long seemed an inconsistency, an exception, now became the normal precipitate of ethical action.

The field of labor thus became so much more extended that there was room to admit quite diverse tendencies and lines of study and still have plenty of space unoccupied. Whether the aim be to throw light upon the newly awakened nature of the economic man by means of special investigations, or to construct a social system which shall place him in his true relations to society, the task is one which properly belongs to the new political economy.

At the same time it is a necessary condition of progress in any science that the method pursued shall be improved, whatever portion of the subject may be under investigation; the reasoning must become more accurate and the proofs adduced more convincing. The incompleteness of all knowledge implies, as we have seen, that this progress must be endless and that each new advance is but a modest achievement. But the objective modesty of a new discovery is not always attended by a corresponding subjective modesty on the part of the discoverer, for it is only human for the subjective feelings to overvalue the extent of the new acquisition,*every new doctrine and new method rides for a time the high horse of youthful pride. We have had some experience of the truth of this in the science of statistics, but have now happily recovered from the intoxication of overweening youth; more mature and sober reflection has humanized the impetuous undisciplined impulses of earlier years. Our experience as regards the historical methods of investigation happens to be different and yet not altogether dissimilar; for in view of the great and

glorious conquests to be won here, we have sometimes forgotten to measure the wide distance intervening between the scanty evidences of the past and the real past.

But, taken all in all, the condition of the German national economy of to-day furnishes so little ground for discouragement, and gives so strong an impression of healthy and vigorous growth, that the dissensions and inconsistencies in many departments of the science do not weaken, but only confirm our faith in it. Whoever only looks on, and derides the crudity of the science, shows that he has no conception whatever of what a science is and ought to be.

The recent development of political economy is so closely associated with the German science that up to the present hour the principal seats of the old doctrines, England and France, have been very little affected by it. As regards our science, both these countries have for a long time reminded us of those heirs of a rich ancestry who have forgotten the duty enjoined in the precept: Earn what thou hast inherited from thy fathers in order to possess it. For they have not understood how to improve the wealth which the past has handed down to them, but more and more have come to treat their heritage as an object of lazy enjoyment and everyday use. It is especially significant of this condition of affairs that the literature and agitation of the socialists, while acting essentially as a ferment in the development of the German science, have had no such effect on the political economy of England and France; in these countries, notwithstanding the notable efforts of Mill and men of his type, any socialistic tendency is still generally regarded, even to-day, as nothing else than apostasy from the true faith. And we have perhaps a striking indication of the tone and quality of economic

study among the French and English in the fact that their utter lack of any acquaintance with German political economy is for the most part due to their ignorance of the German language—a poor reason, which to a German scholar seems almost ludicrous.

However, so far at least as the English are concerned, our science can find consolation in the situation of its related sciences. Gneist and Pauli have sighed repeatedly over the condition of English legal, political and historical science, and it would be unreasonable to expect anything better for our own science in view of its peculiar difficulties. Nevertheless within the last decade a progressive movement has set in, confined at first to a few thinkers, which is in the direction of a study of legal and economic history, and thus bears a close inner resemblance to the movement which was long since set on foot in Germany. As representative of this new tendency, the names of Sir Henry Maine and Thomas Edw. Cliffe Leslie are worthy of special mention. Maine acquired distinction as a legal historian by his investigations of the development of the system of land ownership in East India and in Ireland;* his pupil, Leslie, devoted himself to economic history, applying similar modes of study to special practical questions and coming into actual contact with German political economy.†

Leslie published two volumes of collected essays and was engaged upon a great historical work when sickness and death interrupted his labors (1882); the volumes he published were; "Land Systems and Industrial Economy of Ireland, England and Continental Countries,"

* "Village Communities in the East and West;" "Ancient Law;" "Early History of Institutions."

† "Very few, if any, save myself, living English economists ever saw a German economic work, and I doubt if one among the best known writers on the subject, Fawcett, Cairnes, Jevons, knows a word of German." (Leslie in a letter to the author, October 21, 1873.)

(1870), and "Essays in Political and Moral Philosophy," (1879). He follows the methods of Adam Smith and Malthus, as against the school of Ricardo, which had become dominant in the later English political economy. Two English writers before Leslie had, like him, adopted the position of Adam Smith, emphasizing the necessity of supplementing the prevalent economic doctrines with historical and statistical investigations and devoting themselves to such work. One was Thomas Tooke, who wrote the "History of Prices and the State of the Circulation from 1793 to 1837" (1838). A continuation of this work, bringing it down to 1856, was written by W. Newmarch. The work was translated into German by C. W. Asher (1858). The second writer to whom we refer is J. E. Thorold Rogers, author of the "History of Prices and Agriculture,"* a documentary work extending back to the Middle Ages.

Four volumes have appeared (1866-1882) covering the period from 1258 to 1582, and a continuation of the work, bringing it down to 1702, still awaits us.† Rogers has given us a summary of these volumes in his book, "Six Centuries of Work and Wages, the History of English Labor." But how little effect these historical investigations have had in weakening the hold of the main principles of the old school is apparent when we read Rogers' "Manual of Political Economy for Schools and Colleges,‡ 1868; or better yet,

* "A History of Agriculture and Prices in England from the year after the Oxford Parliament (1259) to the commencement of the Continental War (1793)." Oxford: Clarendon Press.

† It was published in 1887 in two volumes (v and vi). The work will be concluded in two more volumes, bringing it down to 1793. *Trans.*

‡ We encounter a parallel case about the beginning of the nineteenth century, when the scholars of Göttingen, such as Sartorius, engaged in investigations in economic history and at the same time reproduced the teachings of Adam Smith without the least indication of independent thought. Here again we have an illustration of the relative and fragmentary character of every advance in science; historical views must find acceptance with several generations before they lead to conclusions which will affect the status of economic theory.

Newmarch's free-trade speeches, whose platitudes, notwithstanding the emphasis laid upon the "inductive" method, give no indication whatever of any reform of the science.

At the same time there were other writers who contributed to the progress of the old school by means of improved logic, namely: William Thomas Thornton, "A Plea for Peasant Proprietors," (1848, 2d ed., 1874); "On Labour," (1869 2d ed., 1870); "Indian Public Works," (1875); J. E. Cairnes, "The Slave Power," (1863); "The Logical Method of Political Economy," (2d ed., 1875); "Some Leading Principles of Political Economy Newly Expounded," (1874); and W. Stanley Jevons, "Theory of Political Economy," (1871); "Primer of Political Economy," (1878). Far removed from the traditions of the old school is the standpoint of David Syme, in his article in the *Westminster Review*, for 1871, on the "Method of Political Economy" and in his "Outlines of an Industrial Science," (1876) so far indeed that he avoids the term, political economy, as being too indicative of the traditional content of the science.

Unfortunately, the majority of these writers have died within the last ten years: (Cairnes, Thornton, Leslie, Jevons, besides Bagehot, Newmarch and Fawcett). Quite recently a moral philosopher, Sidgwick, author of a work on "Ethics," has published a "Principles of Political Economy," revealing indications of acquaintance with a few German writings. The best known English philosopher of the present day, Herbert Spencer, has shown his interest in our science by publishing a few years ago an essay on the "Morals of Trade;" but unfortunately, like the English Comptists, with whom he is so closely allied, he abstains from applying his criticisms of the

old political economy to a transformation of its fundamental principles.*

Of the younger generation, two men are worthy of mention as economic historians: Cunningham, "Growth of English Industry and Commerce" (1882) and Toynbee, "Lectures on the Industrial Revolution in England," (1884). But Toynbee is already numbered among those writers whom death has taken from us. We may mention also D. Mackenzie Wallace, who in his "Russia," (1877, 9th ed., 1883), has proved himself an excellent observer of economic conditions in a foreign land.

We conclude, then, that there are signs of a new movement in England, but that a thorough-going reform of political economy is as much needed there to-day as it has been for decades. The first serious indication of such a reform will come when some generation of Englishmen succeed in breaking through the barriers of their insular self-satisfaction, and really undertake to master German economic science, just as English students of to-day are coming to our chemical laboratories to study the aniline dyes.

After the severe self-criticism of French political economy by Léon Say, it is hardly necessary for us to repeat his thought in other words. This very confession, coming from the midst of the old school, is a sign of a troubled conscience and a promise of future progress and reform. It is like a breath of fresh air in the midst of the lamentations which we have long since been accustomed to hear proceeding from these quarters, and especially from the columns of the *Journal des Économistes*. Such lamentations over the degeneracy

* He agrees with Stuart Mill in his argument against private property in land. Similar tendencies are not infrequent in modern England. Thus in the work of the naturalist, Alfred Russell Wallace, "Land Nationalization," 1882.

of the age are usually the last gaspings of a race which is dying out.

In special subjects, France as well as England has produced writers who are preparing the way for a reformation. We would give prominence to the following names: Léonce de Lavergne, who has achieved a great success by his realistic treatment of the condition of agriculture, "*L'agriculture et la population*" (1857); "*Essai sur l'économie rurale de l'Angleterre, de l'Ecosse et de l'Irlande*" (1854); "*Economie rurale de la France depuis 1789*" (1860, 3d ed. 1866); E. Levasseur, "*Histoire des classes ouvrières en France*" (1858); "*Histoire des classes ouvrières depuis 1789*," (1867); F. Le Play, "*La réforme sociale en France*" (1864); "*Les ouvriers européens*," "*L'organisation du travail*" (1870); Paul Leroy-Beaulieu, "*Traité de la Science des Finances*," (1877; 3d ed., 1883).

While these writers, and others like them but of a more practical tendency, such as Parieu, "*Traité des Impôts considérés sous le rapport historique, économique et politique en France et à l'étranger*," (1862-64, 2d ed., 1866-67), are preparing the way for a renovation of the science, yet for the most part they are still held fast by the doctrines of the old school. We see this in Leroy-Beaulieu, whose meritorious work on "Finance," like his production of a somewhat earlier date, "*Le travail des femmes au XIXe siècle*," shows how completely he is enchained by the most narrow-minded individualism; so that, for instance, he argues against progressive taxation by asking what would be said of a storekeeper who accepted different prices from different customers for the same commodity. The French economic literature has, however, been enriched by the contributions of a Belgian economist, who—*rara avis*—understands at least the general purpose of the new German political

economy. We refer to Émile de Laveleye. Through his numerous essays, which were issued side by side with discussions of political topics in general, and are hence more significant in their range than in their thoroughness, he becomes a valuable interpreter of German economic literature. His most important work in this connection is "*De la propriété et de ses formes primitives*," which was translated into German by Karl Bücher, in 1879.

Besides these economists, economic historians of eminence have by no means been lacking in France. We may mention (in addition to Levasseur, whose name appears above), Augustin Thierry, who belonged to an earlier period and whose name we have already connected with the socialistic school of Saint-Simon. His "*Essai sur l'histoire de la formation et des progrès du Tiers Etat*" (1853, nouvelle édition, 1875), summarizes the results of all his labors in French history. He is the leading representative of accurate and careful historical investigation in France. Then there is that strange man, Alexis de Monteil, who in poverty and isolation collected an enormous mass of old documents and worked out, in unpretentious form, a history of the civilization of his fatherland in distinction from what he calls the customary *Histoire-bataille*. He assures us that he has reconstructed the last five centuries out of their own ruins, and that he does not make a single statement which does not rest upon proof. The work was entitled, "*Histoire des Français des divers états ou Histoire de France aux cinq derniers siècles*" (4th ed., 1853, 5 volumes). Again there is Pierre Clément who deserves credit for having edited the documents pertaining to the administration of Colbert. "*Histoire de Colbert et de son administration*" (1846, 2d ed., 1874);

"*Histoire du Système protecteur en France depuis le ministère de Colbert jusqu'à révolution de 1848*" (1854); "*Lettres, instructions et mémoires de Colbert*," (1861-1873). Finally Serrigny who wrote "*Droit public et administratif romain ou institutions politiques, administratives, économiques et sociales de l'empire romain*" (1862).

Of the more recent economic historians the following deserve mention: G. Fagniez, "*Etudes sur l'industrie et la classe industrielle à Paris au XIIIe et au XIVe siècle*" (1877); Abbé Hanauer, "*Etudes économiques sur l'Alsace ancienne et moderne* (vol. I: *les monnaies*, vol. II *denrées et salaires*," 1876-1878); J. Delaville le Roulx, "*Régistre des Comptes municipaux de la ville de Tours*" (1878-1881).

It is a significant fact that the French science bids fair to come into first contact with the German along the line of historical studies; indeed to a certain extent this contact has already taken place. For the *Revue historique*, a scientific journal of recent origin, is connected with German scholarship in much the same way as was the older *Revue critique*, which was founded by philologists of the so-called "German school."

On the classic soil of Italy the renewal of political life has been followed by a remarkable out-pouring of activity in all fields of scientific research. Political economy has shared in this movement, and as had been the case with other sciences, so here again the great industry of this highly gifted race was devoted in the first place to a study of the German school, thus furnishing the French and English an example of how with resolute purpose the difficulties of a foreign language and foreign modes of thinking may be overcome.

In the last ten years this scientific life of the Italians has been so active and fruitful that it would be difficult to enumerate all names which deserve mention. We

select one, that of an author who is an excellent interpreter of German studies, Carlo F. Ferraris (*"Saggi di Economia, Statistica et Scienza dell' amministrazione, 1879-1880"*). Already there are indications that these beginnings will result in an era of great achievements for Italy.

The Americans, too, are seeking with characteristic energy to appropriate all the skill and knowledge which the old world has to offer, and have taken up political economy among the various lines of study which their students are pursuing in Germany. Thus they are bringing about an intellectual relationship of Germany with the United States, which is closer than that with England has as yet proved to be.

If the foregoing paragraphs have given us a glimpse of the extent to which our new political economy has spread in other lands, we must certainly not pass over in silence how far it may be known or strange in its own country.

It lies in the very nature of a science of political life that its promulgation meets with favor and support, not by virtue of its inherent truth, but because of its bearing on the practical needs of life. The early economic doctrines of the eighteenth century have maintained their influence for more than a hundred years, not merely because people love to honor the old and dislike to learn the new, but also for the special reason that the practical content of these doctrines can still be utilized by the present generation, even in England, and still more in Germany. These practical features were incorporated in the form of popular doctrines, incorrectly termed "schools"—if they are schools, they are very elementary—and the public with its subjective view of truth called them new. But in reality, they were nothing

more than extracts from the economic science of the eighteenth century, which had been selected and prepared for purposes of agitation; they were then reiterated as "eternal truths" and "natural laws," in something the same way as the sovereignty of the people appears, as an eternal truth in the constitutional program of all political radicalism.

The educated classes of Germany had just become acquainted with this doctrine when the catchword "Socialism of the Chair" (1872) represented for them all that was unfamiliar in the scientific progress of the professional economists. An understanding of the work of German political economy was still difficult, while an acquaintance with the simple truths of the popular doctrines was easy. There was a group of well-disposed individuals, who had settled down very comfortably, resting upon the harmony between these truths and their business interests; the large manufacturer or banker had become a political economist (*Volkswirth*) by mere force of his self-consciousness (in much the same way as the *bourgeois gentilhomme* of Molière became a writer of prose without knowing it).* Then the announcement comes, that there is still another science, which not only has to be learned, but also seriously disturbs the consciences of owners of property.†

It cannot be said that the period of the last ten or fifteen years has been marked by any profounder study of political economy on the part of the "educated"

* From this time on, the representative of our science, whenever he was present in any large social gathering, was always exposed to tedious conversations with people of the class above referred to, who because they have money seriously imagine that they know all about political economy.

† It is a significant fact that indignation was aroused because political economy was said to be an ethical science. I was reproached for being the first one to say so (in a lecture at Heidelberg in 1869) which shows how scientific this indignation was. A well-known leader of the free trade party retorted (1872), that a science must be logical, not ethical.

classes; on the contrary the actual course of events indicates a very different tendency. The change of opinions has come by no means, or at least in very small degree, from this quarter, but is a result rather of the influence of men of great authority in practical affairs—men whose lack of scientific reasoning is made good by the genius which they evince in their perception of practical needs. It is the power of these practical movements which has determined the views of the educated classes; those very persons, who ten years ago derided or arraigned the “socialists of the chair,” imagine in all seriousness that they are still adhering to their former convictions, while in fact they have blindly drifted over to a position directly opposed to that which they formerly held.

In the meantime it is no more agreeable to the ear of the scientific man to hear a discussion of farmer's precepts by a farmer who has money than it was formerly to hear about the harmony in the “play of economic forces.” The farmer's precepts are indeed worthy of attention for the mass of experience they embody; but the political economist, like the physicist, feels the utter lack in them of any scientific attitude towards the questions discussed. This lack is proved experimentally by the vague and interminable character of these discussions.

This sketch may appropriately terminate with the expression of our inmost desire that the power of objective thought may be intensified and extended until the economic life of society shall be clarified and cleansed from the passions which now disturb and darken it.

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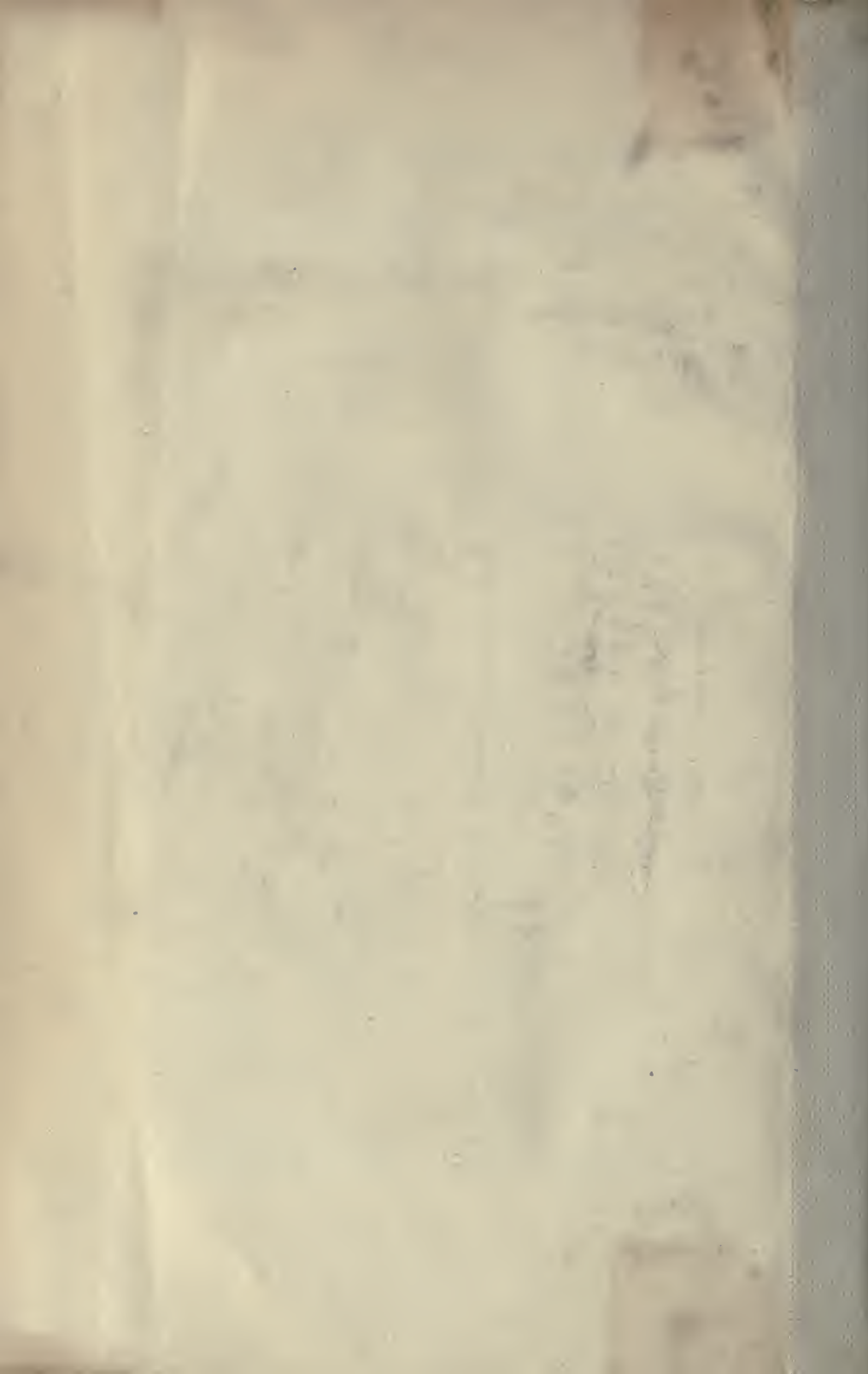
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